Nordea

Annual Report 2005
Nordea Bank Danmark

Nordea Bank Danmark A/S is part of the Nordea Group. Nordea is the leading financial services group in the Nordic and Baltic Sea region. We are making it possible for our customers to reach their goals by providing a wide range of products, services and solutions within banking, asset management and insurance. Nordea has almost 11 million customers, more than 1,100 branch offices and a leading netbanking position with 4.4 million e-customers. The Nordea share is listed on the stock exchanges in Stockholm, Helsinki and Copenhagen.

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Nordea Bank Danmark Group – Five-year overview

Income statements

DKKm	2005	2004 [2]	2003 [1]	2002 [1]	2001 [1]
Net interest income	7 259	7 026	8 304	8 254	8 111
Net fee and commission income	3 094	2 513	2 230	2 145	1 845
Net gains/losses on items at fair value	820	843	308	-381	214
Equity method	239	330	170	280	-4
Other income	608	673	1 193	500	646
Total operating income	**12 020**	**11 384**	**12 205**	**10 798**	**10 812**
General administrative expenses:					
Staff costs	-4 472	-4 351	-4 361	-4 165	-4 266
Other expenses	-2 343	-2 376	-2 248	-2 265	-2 071
Depreciation of tangible and intangible assets	-111	-199	-300	-293	-351
Total operating expenses	**-6 926**	**-6 926**	**-6 909**	**-6 723**	**-6 688**
Loan losses	348	124	-851	-381	-1 066
Operating profit	**5 442**	**4 583**	**4 445**	**3 693**	**3 059**
Income tax expense	-1 486	-1 387	-1 196	-1 070	-991
Net profit for the year	**3 956**	**3 196**	**3 249**	**2 623**	**2 068**

Balance sheets

DKKm	2005	2004 [2]	2003 [1]	2002 [1]	2001 [1]
Loans and receivables to the public	419 163	351 078	309 231	295 496	276 746
Equity	23 538	22 864	19 438	18 392	17 440
Total assets	763 658	648 325	659 083	649 900	559 362

Ratios and key figures

	2005	2004 [2]	2003 [1]	2002 [1]	2001 [1]
Return on equity, %	17,0	14,3	17,2	14,6	12,1
Cost/income ratio, %	58	61	57	62	62
Tier 1 capital ratio, %	7,0	6,4	6,9	6,7	6,7
Total capital ratio, %	9,9	9,3	9,6	9,8	9,7
Risk-weighted assets, DKKbn	329	299	279	274	260
Number of employees (full-time equivalents)	7 322	7 380	7 613	8 322	8 687
Average number of employees	7 305	7 436	8 059	8 480	8 853

The Danish Financial Supervisory Authority's ratio system is shown in note 48 on page 101.

[1] According to previous GAAP, not restated to IFRS.

[2] Restated to IFRS except from IAS 39 implemented 1 January 2005

Nordea Bank Danmark A/S – Five-year overview

Income statements

DKKm	2005	2004 [2]	2003 [1]	2002 [1]	2001 [1]
Net interest income	5 517	5 714	7 061	7 084	7 029
Net fee and commission income	3 291	2 712	2 358	2 395	2 053
Net gains/losses on items at fair value	1 029	847	310	-406	78
Dividends	295	487	969	925	780
Other income	517	592	1 004	401	529
Total operating income	**10 649**	**10 351**	**11 702**	**10 399**	**10 469**
General administrative expenses:					
Staff costs	-4 294	-4 183	-4 197	-3 997	-4 065
Other expenses	-2 202	-2 284	-1 969	-2 406	-2 239
Depreciation of tangible and intangible assets	-80	-159	-247	-4	-7
Total operating expenses	**-6 576**	**-6 626**	**-6 413**	**-6 407**	**-6 311**
Loan losses	384	158	-842	-301	-1 106
Operating profit	**4 458**	**3 883**	**4 447**	**3 689**	**3 052**
Income tax expense	-1 152	-1 292	-1 198	-1 066	-984
Net profit for the year	**3 305**	**2 591**	**3 249**	**2 623**	**2 068**

Balance sheets

DKKm	2005	2004 [2]	2003 [1]	2002 [1]	2001 [1]
Loans and receivables to the public	228 361	190 518	168 660	178 619	176 065
Equity	19 412	18 626	19 438	18 392	17 440
Total assets	615 712	466 226	518 627	528 845	445 254

Ratios and key figures

	2005	2004 [2]	2003 [1]	2002 [1]	2001 [1]
Return on equity, %	17,3	14,0	17,2	14,6	12,1
Cost/income ratio, %	62	64	55	62	60
Tier 1 capital ratio, %	7,2	6,9	7,5	7,1	6,9
Total capital ratio, %	10,4	10,2	10,4	10,5	10,1
Risk-weighted assets, DKKbn	300	274	257	257	249
Number of employees (full-time equivalents)	6 996	7 070	7 306	8 015	8 380
Average number of employees	6 983	7 126	7 745	8 167	8 551

The Danish Financial Supervisory Authority's ratio system is shown in note 48 on page 101.

[1] According to previous GAAP, not restated to IFRS.

[2] Restated to IFRS except from IAS 39 implemented 1 January 2005

Business definitions and exchange rates

These definitions apply to the descriptions in the Annual Report.

Capital base

The capital base includes the sum of the Tier 1 capital and the supplementary capital consisting of subordinated loans.

Tier 1 capital

The proportion of the capital base, which includes consolidated shareholders' equity excluding proposed dividend, tax assets as well as goodwill in the banking operations. Subsequent to the approval of the supervisory authorities, Tier 1 capital also includes qualified forms of subordinated loans.

Risk-weighted amounts

Total assets and off-balance-sheet items valued on the basis of the credit and market risks in accordance with regulations governing capital adequacy.

Tier 1 capital ratio

Tier 1 capital as a percentage of risk-weighted amounts.

Total capital ratio

Capital base as a percentage of risk-weighted amounts.

Return on equity

Net profit excluding minority interests and the period's change in fair value related to available for sale holdings and other revaluations recognised directly in equity, as a percentage of average equity for the period. Average equity including net profit and dividend until paid, minority interests excluded.

Loan losses as a percentage of total loans

Loan losses, net (incl. losses on guarantees and transfer risk) as a percentage of total loans and guarantees as of previous year-end.

Cost/income ratio

Total operating expenses divided by total operating income.

Abbreviations

AGM	Annual General Meeting
CEO	Chief Executive Officer
EIU	Economist Intelligence Unit
GEM	Group Executive Management
IPS	Individual Pension Savings
OTC	Over-the-counter
TSR	Total Shareholder Return

Exchange rates applied

(European Central Bank rates of exchange for key currencies as at 31 December 2005)

EUR	746.1	**CHF**	479.7	**DKK**	100
GBP	1088.6	**JPY**	5.4	**LTL**	216.1
NOK	93.4	**PLN**	193.2	**SEK**	79.5
USD	632.4				

Nordea Bank Danmark
Directors' report

Throughout this report the terms "Nordea Bank Danmark", "NBD" and "Bank Group" refer to Nordea Bank Danmark A/S and its subsidiaries. Nordea Bank Danmark A/S is a wholly-owned subsidiary of Nordea Bank AB (publ), the parent company in the Nordea Group. The Nordea Group is referred to as "Nordea".

Nordea Bank Danmark A/S is domiciled in Copenhagen and its business registration number is 13522197.

Group organisation

Nordea operates through three business areas: Retail Banking, Corporate and Institutional Banking and Asset Management & Life. The support functions are Group Processing and Technology, Group Corporate Centre and Group Legal and Compliance.

As part of the Nordea Group, NBD operates in the banking business. All the operations of NBD are integrated in the operations of the Nordea Group, whose annual report, with activities and earnings reported by the business areas, encompasses the operations of NBD in their entirety.

Legal structure

Nordea is in the process of simplifying its legal structure. The aim is that Nordea Bank AB (publ) will be converted into a European company, a "Societas Europaea", ("SE"), in accordance with the European Company Statute. The SE will be legally domiciled in Sweden and the conversion will be accomplished through mergers with the other banks in the Group.

The conversion is conditional on, among other things, Nordea obtaining necessary approvals from the relevant authorities and is expected to lead to improved operational efficiency, reduced operational risk and complexity as well as enhanced capital efficiency.

Nordea is continuing the preparation for this conversion hence awaiting that the regulatory and legislative framework in Europe will come in place, particularly the EU Commission's review of issues relating to the operation of deposit guarantee schemes in the EU and EEA countries. Following a satisfactory solution to these challenges the final conversion process in itself is estimated to take up to one year from start to execution.

Subsidiaries and foreign branches

NBD has subsidiaries in Danmark and abroad. The most significant subsidiaries are Nordea Kredit Realkreditaktieselskab, through which the bank carries on mortgage lending activities, and Nordea Finans Danmark A/S, through which the bank carries on financing, leasing and factoring activities.

NBD has no foreign branches.

IAS/IFRS implementation

As from 2005 Nordea Bank Danmark applies the new accounting policies based on International Financial Reporting Standards (IFRS).

Business development in 2005

Results for 2005 showed an increase in net fees and commissions receivable compared to 2004. Total operating income showed an increase. Staff and administrative expenses were unchanged while the positive amount on provisions for bad and doubtful debts increased. Operating profit amounted to DKK 5,442m (2004: DKK 4.583m), and the realised post-tax return on equity was 17.0 % (14.3 %)

The result is in line with the expectations.

Comments on the income statements (group)

Operating income

Total operating income increased by 5.6% to DKK 12,020m (DKK 11,384m), which was primarily related to increased net fee and commission income.

Net interest income increased by 3.3% to DKK 7,259m (DKK 7,026m).

There was an increase in lending volume of 19% compared to last year. Lending to corporate and households increased by 22% and 16% respectively. However, the overall margin between average deposit and lending rates was somewhat lower than in 2004. The positive effect from increased volumes was thus offset by the low interest margins. Active asset - liability management has partly mitigated the effect from lower deposit margins.

Net effect from implementing IAS 39 in 2005 was DKK 142m (transferred from Net interest income to Net gains/losses on items at fair value) relating to effective interest calculation and elimination of interest on own bonds. The comparative figures for 2004 have not been restated, see Accounting policies.

Net fee and commission income increased by 23.1% to DKK 3,094m, which is mainly due to increased fee and commission income from loans and receivables and brokerage, reflecting, among other things, the high lending activity in particular for mortgage refinancing. Corporate finance fees have moreover contributed to the high fee income in 2005.

Net gains/losses on items at fair value decreased by 2.7% to DKK 820m.

The decrease in net gains/losses on items at fair value compared to 2004 is explained by a reduced result from position taking on the investment portfolio. Trading income in Markets increased and was primarily driven by good performance in structured products and equity products.

Profit from companies accounted for under the equity method decreased by 27.6% to DKK 239m. Income from equity method is related to the portfolio of PBS companies, LR Realkredit and private equity investments. The decrease is attributable to an extraordinary profit in 2004 in PBS International.

Other operating income decreased to DKK 602m (DKK 668m). Other operating income mainly consists of income from service agreements with Nordea group undertakings, including in particular Nordea Bank Finland, to which the decrease can be related.

Operating expenses

Total operating expenses were unchanged at DKK 6,926m, which was in line with the stated target of unchanged costs compared to 2004.

Staff costs increased by 2.8% to DKK 4,472m (DKK 4,351m). The rise is primarily attributable to the general development in salaries and variable salaries.

In 2005 the number of employees, measured by full-time equivalents, was reduced by 58 to 7,322 compared to 7,380 in 2004. The average number of full time equivalent positions was 7,305 (7,436).

Other expenses fell slightly by 1.4% to DKK 2,343m (DKK 2,376m). IT costs of DKK 732m (DKK 737m) were largely unchanged.

Depreciation of tangible and intangible assets fell to DKK 111m (DKK 199m), among other things, reflecting a lower investment level and the reduction in the limit for immediate write-offs, see Accounting policies.

Loan losses

Loan losses were positive and amounted to DKK 348m compared to positive loan losses of DKK 124m in 2004. Loan losses correspond to -0.1% (-0.0%) of total loans and guarantees.

At 31 December 2005 impaired loans accounted for DKK 4,652m (DKK 6,360m), which is 1.1% (1.8%) of total loans and receivables before write-downs. Total loan loss reserve were DKK 4,035m (DKK 5,285m), corresponding to 87% (83%) of impaired loans.

Taxes

Income tax expense was DKK 1,486m (DKK 1,387m). The effective tax rate amounted to 27% compared to 30% in 2004. The lower effective tax rate is primarily a result of the reduction of the corporate tax rate in 2005 from 30% to 28%, including the conversion of the deferred tax liability at the lower tax rate which amounted to DKK 50m.

Net profit

Net profit for the year amounted to DKK 3,956m (DKK 3,196m). The return on equity was 17.0% (14.3 %).

Comments on the balance sheet (group)

The total balance sheet increased by DKK 115bn to DKK 764bn, or 18%, during 2005. All balance sheet items in foreign currencies are translated to DKK at the actual year-end currency exchange rates. See note 1 for more information regarding accounting policies.

The increased balance sheet reflects higher business volumes as well as changes resulting from the IFRS implementation in 2005, see Accounting policies. The growth has been financed through a variety of sources, of which deposits and borrowings from the public are the most significant. Nordea has a strong capital position and diversified funding base, reflecting an overall sound financial structure.

Assets

Loans and receivables to credit institutions increased by DKK 7bn to DKK 137bn. The increase is mainly due to certificate of deposits.

Loans and receivables to the public increased by DKK 68bn to DKK 419bn, of which lending to households increased by DKK 25bn. Reverse repos increased by DKK 12bn to DKK 136bn (DKK 124bn).

Interest-bearing securities decreased by DKK 11bn, reflecting a lower liquidity buffer compared to the end of 2004.

Other assets increased by DKK 49bn, mainly reflecting trade date accounting implemented at 1 January 2005. The adjustment primarily relates to receivables on sold bonds at year end.

Liabilities

Deposits by credit institutions increased by DKK 20bn. The growth stems from increases in repos and other types of relevant debt instruments.

Deposits and borrowings from the public increased by DKK 31bn, reflecting higher business volumes.

Debt securities in issue increased by DKK 14bn and mainly comprise bonds issued by the subsidiary Nordea Kredit.

Other liabilities increased by DKK 54bn, mainly reflecting trade date accounting implemented at 1 January 2005. The adjustment primarily relates to payables on purchased bonds at year end.

Equity

Shareholders' equity including minority interest amounted to DKK 23,130m at the beginning of 2005. The net profit for the year was DKK 3,956m. After deducting the dividend in 2004 to the parent company Nordea Bank AB and postings made directly against equity, equity was DKK 23,594m at the end of the year.

Appropriation of net profit for the year

Shareholders´equity for the parent amounted to DKK 18.846m at the beginning of 2005. The net profit of the parent company for the year amounted to DKK 3,305m. After deducting the dividend in 2004 to the parent company Nordea Bank AB and postings made directly against equity, equity was DKK 19,421m at the end of the year.

It is proposed that the net profit will be distributed by way of:

- an allocation of dividend of DKK 1,800m (DKK 3,500m) and
- transfer of DKK 1,505m to retained earnings

The proposed dividend payment of DKK 1,800m is equivalent to DKK 36 (DKK 70) per share.

Off-balance sheet commitments (group)

The bank's business operations include a considerable proportion of off-balance sheet items. These include commercial products such as guarantees, documentary credits, credit commitments, etc.

Credit commitments and unutilised credit lines amounted to DKK 131bn (DKK 138bn), whereas guarantees and granted but not utilised documentary credits as well as other off-balance sheet commitments totalled DKK 31bn (DKK 26bn).

Capital adequacy and ratings

At year-end, the Group's total capital ratio was 9.9% (9.3%) and the tier 1 capital ratio 7.0% (6.4%). The corresponding figures for the parent company were 10.4% and 7.2% in 2005.

The minimum level prescribed by the authorities for the total capital ratio, defined as the capital base as a percentage of the risk-weighted assets, is 8%.

The Board of Directors confirms the assumption that the bank is a going concern and the annual accounts have been prepared based on this assumption.

The Board of Directors considers solidity as at 31 December 2005 to be good.

Rating, December 2005	Short	Long
Moody's	P-1	Aa3
S&P	A-1+	AA-
Fitch-IBCA	F1+	AA-

S&P Long has been upgrated from A+ during 2005.

Risk management & Basel II

Being exposed to risk is inherent in providing financial services, and Nordea assumes a variety of risks in its ordinary business activities, the most significant being credit risk related to lending to the public. Management of risk is one of the key success factors in the financial services industry and Nordea has clearly defined policies and instructions for risk management.

Nordea aims at an overall balanced risk-taking in order to enhance shareholder value. Economic Capital is allocated to the business areas and is included in the calculation of Economic Profit, which is a key performance indicator in the Group.

Risk management principles and control

The Board of Directors of Nordea has the ultimate responsibility for limiting and monitoring the Group's risk exposure. Risks in Nordea are measured and reported according to common principles and policies approved by the Board.

The Board of Directors' decides on policies for credit, market, liquidity and operational risk management, as well as on the credit instructions. Furthermore, the Board of Directors' decides on powers-to-act for credit committees at different levels within the business areas in Nordea. These authorisations vary for different decision-making levels, mainly in terms of size of limits, and are also dependent on the internal rating of customers. The Board's Credit Committee monitors the development of the credit portfolio including industries and major customer exposures.

The Board of Directors of Nordea also decides on the limits for the market and liquidity risk in the Group.

The Board of Directors' of Nordea Bank Danmark is ultimately responsible for limiting and monitoring the risk in the Nordea Bank Denmark group.

The CEO in Nordea AB and the Group Executive Management (GEM) regularly reviews reports on risk exposures. In addition, the following committees for risk management have been established by the CEO and GEM:

- The Asset and Liability Management Committee (ALCO) decides upon issues of major importance concerning the Group's financial operations and financial risks. The CEO is chairman of ALCO. ALCO decides on the limits of the Group's risk management regarding Structural Interest Income Risk (SIIR) and decides, within the Board's statement about the risk appetite, on the investment return targets for the investment portfolio ALCO also decides, within the scope of resolutions adopted by the Board of Directors', the allocation of the market risk limits to business areas. The limits for the business areas are set in accordance with the business strategies and are as a minimum reviewed annually. The heads of the business areas allocate the respective ALCO limits within the business area and may introduce more detailed limits and other risk mitigating techniques such as stop-loss rules.
- Executive Credit Committees (Corporate and Retail) decide on major credit risk limits and industry policies for the Group. Chairman of Executive Credit Committees is the Chief Risk Officer (CRO), who is also a member of GEM. Credit risk limits are decided by the use of individual limits for each customer and consolidated customer group and by means of industry limits. Other credit risk limits, which are not decided by the Executive Credit Committees, are decided by decision-making authorities on different levels (see figure). The responsibility for a credit exposure is assigned to a customer responsible unit. Each customer is assigned a rating in accordance with the Nordea framework for quantification of credit risk.
- The Risk Committee monitors developments of risks on aggregated level. Chairman of the Risk Committee is the CRO, who is also the head of Group Credit and Risk Control.

Group Credit and Risk Control is responsible for the risk management framework. The framework consists of policies, instructions and guidelines, and is applicable for the Group. For SIIR and liquidity risk, the framework is developed in co-operation with Group Treasury.

Each business area is primarily responsible for managing the risks in their operations, including identification, control and reporting. In addition, Group Credit and Risk Control monitors the risks on Group level.

Credit risk

Credit risk is the risk of loss if counterparts of Nordea fail to fulfil their agreed obligations and that the pledged collateral does not cover Nordea's claims.

The credit risks in Nordea arise mainly from various forms of lending to the public (corporate and households), but also from guarantees and documentary credits. Furthermore, credit risk includes transfer risk, settlement risk and credit risk in financial instruments such as derivatives. The credit risk from guarantees and documentary credits arises from the claim on a customer, which would occur in the case that a claim on Nordea arises in connection with an issued guarantee.

The credit risk in derivative contracts is the risk that Nordea's counterpart in the contract defaults prior to maturity of the contract and that Nordea at that time has a claim on the counterpart. Settlement risk is the risk of losing the principal of a financial instrument if a counterpart defaults during the settlement process. Transfer risk is a credit risk attributable to the transfer of money from a country, where a borrower is domiciled, and is affected by changes in the economic and political situation of countries.

The decisions regarding credit risk limits for customers and customer groups are made by the relevant credit decision authorities on different levels within the Group. The responsibility for credit risk lies with the customer responsible unit, which on an ongoing basis assesses the customers' ability to fulfil their commitment and identifies deviations from agreed conditions and weaknesses in the customers' performance. At Group level, the control of credit risk is performed by Group Credit and Risk Control.

If weaknesses are identified in a customer exposure, that exposure is assigned special attention in terms of review of the risk. In addition to the continuous monitoring, an action plan is established outlining how to minimise a potential credit loss. If necessary, a special team is set up to support the customer responsible unit.

An exposure is recognised as impaired and a provision is made, if there is objective evidence of a loss for that exposure. The size of the provision is equal to the estimated loss considering the customer's remaining repayment capacity, the discounted value of the future cash flow and the value of pledged collateral. Impaired exposures can be either performing or non-performing. Impaired exposures are treated as in default when determining default probability in order to quantify Expected Loss and Economic Capital.

Weak and impaired exposures are reviewed on a quarterly basis in terms of current performance, business outlook, future debt service capacity and the possible need for provisions.

Risks in specific industries are controlled through industry policies setting requirements and limits on the overall industry exposure and these risks are monitored by industry monitoring groups. Corporate customers' environmental risks are entered into the overall risk assessment through a process called Environmental Risk Assessment Tool, which has been developed within the Group.

Measurement methods

Quantification of credit risk was initially developed in Nordea as part of the Economic Capital framework. With the approaching Basel II framework a substantial amount of work has been done in aligning the internal quantification of credit risk with the external requirements set by Basel II.

Rating and scoring

Rating and scoring are key components in the risk management framework for credit risk. The common denominator of the rating/scoring models is the ability to rank the customers and predict defaults. While the rating models are used for corporate customers and bank counterparts, scoring models are used for households and small business customers.

The internal rating is an estimate of the repayment capacity of the corporate customers or bank counterparts. Every rating grade equals a Probability of Default percentage (PD), which is currently used as an input in the Economic Capital framework and will in the future also be used in the Basel II framework.

The internal rating scale for corporate rating models consists of 18 grades for non-defaulted customers. It is a descending scale with grade 6+ representing the highest repayment capacity and rating grade 1– representing the lowest repayment capacity. Rating grade 4– and better is comparable to investment grade as defined by external rating agencies such as Moody's and S&P. Rating grade 2+ to 1– are considered as weak, and require special attention. In addition, there are three rating grades for counterparts fulfilling Nordea's internal definition of default.

Ratings are normally assigned in conjunction with limit/credit proposals or the annual review of the customers, and approved by the credit committees. The consistency and transparency of the ratings are ensured by the use of rating models, which have been developed for medium sized and large corporate as well as for bank counterparts. The models are based on an overall rating framework, in which financial factors are combined with qualitative factors. Adjustments of the factors have been made for corporate size and specific industry segments in order to ensure that the model ranks the customers correctly.

Nordea has established an internal validation process in accordance with the Basel II requirements with the purpose of proving that Nordea's rating models, procedures and systems are accurate, consistent and have good rank power as well as high predictability of default. The regular validation also captures the assessment of the relevant risk factors within the model.

Scoring models are pure statistical methods to predict the probability of customer default. Nordea utilises three types of scoring models - application, behaviour and bureau scoring models - in the credit process. The models are mainly used in the Personal customer segment but also for small corporate customers. The scoring models support both the credit approval process, e.g. automatic approvals or decision support, and the risk management process, e.g. "early warning" for high risk customers and monitoring of portfolio risk levels.

As part of Nordea's Basel II activities, a systematic review of the use of scoring models has been initiated. This work comprises both activities making all existing score models and their use compliant with Nordea's ambition regarding Basel II and the development and implementation of new scoring models.

Quantification of credit risk

The most important inputs when quantifying the credit risk are the probability of default (PD), the loss given default (LGD), and the exposure at default (EAD). The inputs are used to quantify Expected Loss and Economic Capital for credit risk, which both are used in the calculation of Economic Profit.

The PD is the most important parameter when measuring credit risk. In general historical losses are used to calibrate the PDs attached to each rating grade. For some segments the PDs are based on mapping from external rating models due to lack of internal default data. LGD is measured taking into account the security coverage of the exposure, the counterpart's balance-sheet components, and the presence of any structural support. LGD is also estimated using internal historical losses where applicable. Where data is missing a combination of benchmarks and expert opinion is used. EAD is for many products equal to the outstanding exposure but for some products, such as credit lines and derivative contracts, the EAD can be higher than the utilised exposure. The set up for EAD estimation is similar to that for LGD.

Definition of Expected Loss (EL):
The EL is the normalised loss rate calculated based on the current portfolio. EL is measured using the formula, EL = PD x LGD x EAD, where

- PD is a measure of the probability that the counterparty will default,
- LGD is a measure of how much is expected to be lost in the event of default and
- EAD is a measure of the expected exposure in the event of default.

Nordea calculates Economic Capital for credit risk with capital factors, which are differentiated based on combinations of PD and LGD. The capital factors are estimated using the output from a credit portfolio model. In addition to estimating these factors the portfolio model is used to assess portfolio imbalances such as concentration risk.

As a complement to the ordinary credit risk quantification stress tests are performed. These tests are partly focusing on capital requirements and are in accordance with the Basel II requirements.

In order to facilitate the estimation of the credit risk parameters as well as perform portfolio analysis on various dimensions a group-wide credit database has been developed. In 2006 additional activities will be carried out to secure data availability for Basel II compliance.

Credit risk analysis

The credit risk exposure is measured and presented as the principle amount of claims or potential claims on customers and counterparts net after reserves. It consists of all items, that carry credit risk whether on or off Nordea's balance sheet and was 2005 DKK 849bn (DKK 788bn)

The largest item is lending to the public, which in 2005 increased by 19% to DKK 419bn (DKK 351bn). Lending to corporate customers was DKK 235bn (DKK 193bn), an increase by 22%, and lending to households was DKK 178bn (DKK 153bn), an increase by 16%. The portion of lending of the total lending portfolio was to corporate customers 56% (55%) and to households 43% (44%).

Loans and receivables to credit institutions, mainly in the form of inter-bank deposits, amounted to DKK 137bn at the end of 2005 (DKK 130bn). Of these loans, less than 10% was to banks outside OECD.

Credit risk exposure

(Excluding cash and balances at central banks and settlement risk exposure)

DKK m	31/12 2005	31/12 2004	31/12 2003
Loans and receivables to credit institutions	136 999	130 044	169 631
Loans and receivables to the public	419 163	351 078	309 231
Unutilised credit commitments e t c	131 469	138 276	184 041
Guarantees and documentary credits	30 830	26 333	26 687
Derivatives (after closeout netting)[1]	670	1 471	910
Interest-bearing securities issued by public bodies	34 132	23 430	17 398
Other interest-bearing securities	96 090	117 320	137 616
Total credit risk exposure	**849 353**	**787 952**	**845 514**

[1] After closeout netting and collateral agreements

One important credit risk mitigation technique is through pledged collateral. This is particularly important in lending to households and medium sized and small corporate. In the case of larger corporate, collateral is pledged to a lesser extent.

In corporate lending to the public including unutilised credit commitments, the main collateral types are real estate mortgages, floating charges and leasing objects. The collateral coverage is higher for exposures to financially weaker customers than for exposures to financially stronger customers.

Regarding mortgage loans to households, the collateral coverage is high, whereas consumer loans to households are mostly unsecured, but includes objects related to contract lending.

Regarding credit risk in derivatives, other risk mitigation techniques are widely used in Nordea, of which the most common is the use of closeout netting agreements (see below under Risk in derivatives).

Lending to corporate customers
The main increases in the portfolio could be seen in the sectors: "Financial operations" (mainly in reversed repurchase agreements), "Renting, consulting and other company services", "Agriculture and fishing" and "Real estate management".

Financial operations remain the largest industry sector in the lending portfolio, with DKK 68bn (DKK 54bn).

Lending to households
Mortgage loans increased by 15% to DKK 132bn while consumer loans increased by 19% to DKK 46bn. The portion of mortgage loans was 74% (75%).

Geographical distribution
Lending distributed by borrower domicile shows that the Nordic market accounts for 91% (92%) and the Danish market accounts for 91% (92%). Other EU countries represent the main part of the lending outside the Nordic countries. The exposure to emerging markets is limited.

Transfer risk
The transfer risk exposure is small and is trade-related and primarily short-term. The total transfer risk reserve at the end of 2005 was DKK 69m (DKK 64m).

Lending to the public

Lending to the public by customer category

DKK m	31/12-2005	%	31/12-2004	%	31/12-2003	%
Corporate	235 057	56,1	192 946	55,0	168 789	54,6
Household	178 283	42,5	153 185	43,6	136 316	44,1
Public sector	5 822	1,4	4 947	1,4	4 127	1,3
Total:	**419 163**	**100,0**	**351 078**	**100,0**	**309 231**	**100,0**

Corporate lending to the public, by industry

DKK m	31/12-2005	%	31/12-2004	%	31/12-2003	%
Real estate management	19 760	8,4	15 299	7,9	14 172	8,4
Construction	8 557	3,6	7 998	4,1	5 390	3,2
Agriculture and fishing	28 593	12,2	23 841	12,4	21 222	12,6
Transport	6 056	2,6	5 587	2,9	5 358	3,2
Shipping	8 351	3,6	7 219	3,7	6 117	3,6
Trade & services	25 964	11,0	21 550	11,2	23 377	13,8
Manufacturing	27 775	11,8	27 316	14,2	25 295	15,0
Financial operations	67 565	28,7	54 388	28,2	39 856	23,6
Renting, consulting and other company services	28 557	12,1	21 165	11,0	20 721	12,3
Other companies	13 880	5,9	8 583	4,4	7 281	4,3
Total:	**235 057**	**100,0**	**192 946**	**100,0**	**168 789**	**100,0**

Lending to households, by loan category

DKK m	31/12-2005	%	31/12-2004	%	31/12-2003	%
Mortgage loans	131 822	73,9	114 167	74,5	102 592	75,3
Consumer loans	46 461	26,1	39 018	25,5	33 724	24,7
Total:	**178 283**	**100,0**	**153 185**	**100,0**	**136 316**	**100,0**

Impaired loans
An impaired loan is an exposure, for which it is probable that payment will not be made in accordance with the contractual terms of the exposure. Impaired loans, gross, decreased to DKK 4,652m from DKK 6,360m. Reserves decreased to DKK 4,035m from DKK 5,282m. The ratio of reserves to cover remaining impaired loans, gross, increased to 87% (83%).

Settlement risk
Settlement risk is a type of credit risk that arises during the process of settling a contract or executing a payment. The risk amount is the principal of the transaction, and a loss could occur if a counterpart should default after Nordea has given irrevocable instructions for a transfer of a principal amount or security, but before receipt of payment or security has been finally confirmed.

The settlement risk on individual counterparts is restricted by settlement risk limits. Each counterpart is assessed in the credit process and clearing agents, correspondent banks and custodians are selected with a view of minimising settlement risk.

Nordea is a shareholder of, and participates in, the global FX clearing system CLS (Continuous Linked Settlement), which eliminates the settlement risk of FX trades in those currencies and with those counterparts that are settled through CLS. As a result, Nordea's settlement risk exposure against major trading counterparts has decreased considerably over the last years, and is expected to continue to decrease as the number of participants in CLS grows.

Corporate lending to the public, by size of loans

DKKm	31/12-2005	%	31/12-2004	%	31/12-2003	%
0-10	93 981	40,1	79 631	41,3	72 375	42,9
10-50	34 039	14,5	29 848	15,5	31 058	18,4
50-100	23 156	9,9	17 137	8,9	16 396	9,7
100-250	18 634	7,9	13 202	6,8	17 641	10,5
250-500	16 462	7,0	16 511	8,6	6 700	4,0
500-	48 785	20,8	36 615	19,0	24 619	14,6
Total:	**235 057**	**100,0**	**192 946**	**100,0**	**168 789**	**100,0**

Impaired loans

	31/12-2005			31/12-2004			31/12-2003		
DKK m	Corporate customers	Household customers	Total	Corporate customers	Household customers	Total	Corporate customers	Household customers	Total
Impaired loans, gross	3 517	1 135	4 652	5 164	1 196	6 360	6 027	1 275	7 302
Reserves for impaired loans	3 113	922	4 035	4 326	959	5 285	5 189	1 030	6 219
Impaired loans net	404	213	617	838	236	1 074	838	245	1 083
Reserves/impaired loans, gross (%)	88,5%	81,2%	86,7%	83,8%	80,2%	83,1%	86,1%	80,8%	85,2%
Impaired loans, net/lending (%)	0,2%	0,1%	0,1%	0,4%	0,2%	0,3%	0,5%	0,2%	0,4%

Transfer risk exposure

	31 Dec 2005	31 Dec 2004	31 Dec 2003
Asia	488	508	797
Latin America	32	20	127
Eastern Europe & CIS	244	176	7
Middle East	448	392	476
Africa	20	5	0

Risk in derivatives

Derivative contracts are financial instruments, such as futures, forwards, swaps or option contracts that derive their value from underlying assets; interest rates, currencies, equities, credit or commodity prices. The derivative contracts are often OTC-traded, meaning that the terms connected to the specific contract are agreed upon on individual terms with the counterpart.

Nordea enters into derivative contracts mainly due to customer demand, both directly and in order to hedge positions that arise through such activities. Furthermore, the Group, through Group Treasury uses interest rate swaps and other derivatives in its hedging activities of the assets and liabilities on the balance sheet.

The derivative contracts are valued at fair value on an ongoing basis and affect the reported result and also the balance sheet. Nordea uses a fair value valuation model for calculating the market value of OTC derivatives.

Derivatives affect credit risk, market risk, SIIR and liquidity risk exposures.

The credit risk in derivative contracts is the risk that Nordea's counterpart in the contract defaults prior to maturity of the contract and that Nordea at that time has a claim on the counterpart under the contract. Nordea will then have to replace the contract at the current market rate, which may result in a loss.

The credit risk exposure is treated in the same way as other types of credit risk exposure and is included in customer limits.

The credit risk exposure is measured as the sum of current exposure and potential future exposure. The potential future exposure is an estimation, which reflects possible changes in market values during the remaining lifetime of the individual contract and is measured as the notional amount multiplied by a risk weight. The size of the risk weight depends upon the contract's remaining lifetime and the volatility of the underlying asset in the contract.

To reduce the exposure towards single counterparts, risk mitigation techniques are widely used in Nordea. The most common is the use of closeout netting agreements, which allow the bank to net positive and negative replacement values of contracts under the agreement in the event of default of the counterpart. In line with the market trend Nordea also mitigates the exposure towards large banks, hedge funds and institutional counterparts by an increasing use of collateral management arrangements, where collateral is placed or received to cover the current exposure. Another risk mitigation technique used is agreements that give Nordea the option to terminate contracts at specific time periods or upon the occurrence of credit-related events.

Lending to the public, by geographical area

DKKm	31/12-2005	%	31/12-2004	%	31/12-2003	%
Nordic countries	382 852	91,3	321 125	91,5	278 235	90,0
of which Denmark	349 848		296 075		267 078	
Finland	1 807		1 090		191	
Norway	1 893		1 193		1 939	
Sweden	29 304		22 767		9 028	
Poland and the Baltic countries	843	0,2	748	0,2	987	0,3
EU countries other	26 899	6,4	21 613	6,2	17 077	5,5
USA	4 573	1,1	1 417	0,4	1 722	0,6
Latin America	1 721	0,4	3 631	1,0	7 606	2,5
ASIA	1 415	0,3	1 322	0,4	1 530	0,5
Other OECD	223	0,1	258	0,1	898	0,3
Other Non-OECD	638	0,2	965	0,3	1 176	0,4
Total:	**419 163**	**100,0**	**351 078**	**100,0**	**309 231**	**100,00**

Impaired loans gross to corporate customers, by industry

DKK m	31/12-2005	% of lending to the industry	31/12-2004	% of lending to the industry	31/12-2003	% of lending to the industry
Real estate management	92	0,5	151	1,0	174	1,2
Construction	171	2,0	176	2,2	186	3,5
Agriculture and fishing	708	2,5	476	2,0	578	2,7
Transport	167	2,8	418	7,5	953	17,8
Shipping	6	0,1	95	1,3	105	1,7
Trade & services	705	2,7	957	4,4	965	4,1
Manufacturing	620	2,2	586	2,1	674	2,7
Financial operations	61	0,1	26	0,0	46	0,1
Renting, consulting and other company services	631	2,2	1 007	4,8	905	4,4
Other companies	358	2,6	1 273	14,9	1 441	19,8
Total	**3 517**	**1,5**	**5 164**	**2,6**	**6 027**	**3,6**

Distribution of reserves to corporate customers, by industry

DKK m	31/12-2005	%	31/12-2004	%	31/12-2003	%
Real estate management	67	2,1	82	1,9	100	1,9
Construction	155	5,0	155	3,6	167	3,2
Agriculture and fishing	651	20,9	408	9,4	511	9,8
Transport	157	5,0	404	9,3	716	13,8
Shipping	6	0,2	67	1,5	79	1,5
Trade & services	568	18,3	731	16,9	721	13,9
Manufacturing	572	18,4	491	11,3	510	9,8
Financial operations	61	2,0	26	0,6	41	0,8
Renting, consulting and other company services	549	17,6	741	17,1	929	17,9
Other companies	327	10,4	1 223	28,3	1 416	27,3
Total:	**3 113**	**100,0**	**4 326**	**100,0**	**5 189**	**100,0**

Reconciliation of reserves for impaired loans

DKKm	2004-12-31	Reassessment due to IFRS	Jan-Dec 2005	Currency changes	2005-12-31
Specific reserves for individually assessed loans	4 107	0	-751	10	3 366
Groups of not significant loans	220	-20	0	-	200
Groups of significant loans	958	-494	5	-	469
Total reserves	5 285	-514	-746	10	4 035

Credit risk exposure in derivatives (after closeout netting and collateral agreements)

31 Dec 2005

DKKm	Current exposure	Potential future	Total credit risk exposure
Total	**670**	**4 451**	**5 121**

Market risk

Market price risk is the risk of loss in market value as a result of movements in financial market variables such as interest rates, foreign exchange rates, equity prices and commodity prices. All material trading and investment portfolios in Nordea are valued at fair value.

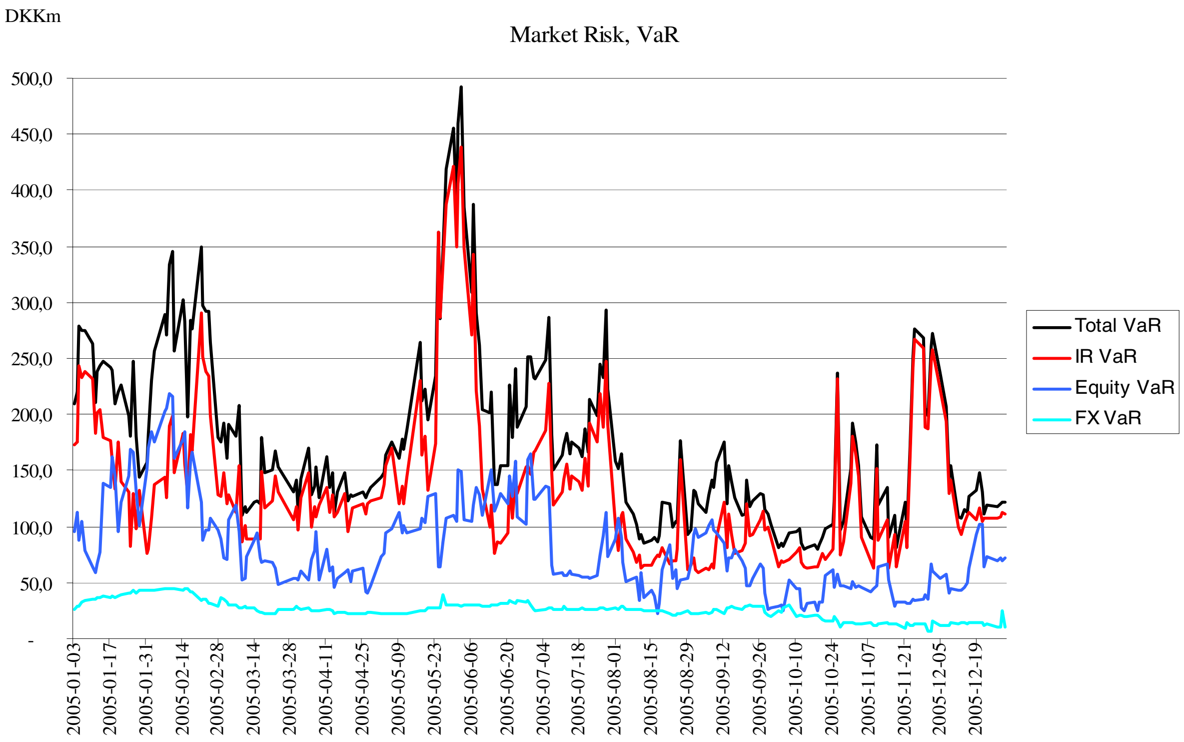
While the interest rate price risk is the risk of a loss in the present value of the future cash flows when interest rates change, Structural Interest Income Risk (SIIR) is the risk of a decrease in the net interest income if market rates rise or fall. The market price risk refers to products with a fixed maturity, whereas SIIR measures the net interest income sensitivity of the whole balance sheet over a one-year horizon. SIIR is described in a separate section below.

Nordea's market risk exposure derives mainly from the investment portfolios of Group Treasury and the client driven trading activity of Nordea Markets. Furthermore, market risk on Nordea's account arises from the mismatch of the market risk exposure on assets and liabilities in Nordea Life and Pensions and internal defined benefit pension plans. For all other activities, the basic principle is that market risks are eliminated by matching assets, liabilities and off-balance-sheet items. This is achieved by transactions in Group Treasury.

In addition to foreign exchange risk stemming from trading activities and investment portfolios, structural foreign exchange risk arises from investments in subsidiaries and associated enterprises denominated in foreign currencies. The general principle is to hedge this by matched funding. Furthermore, structural foreign exchange risk arises from earnings and cost streams generated in foreign exchange or from foreign branches. For the individual Nordea companies, this is handled in each company's foreign exchange position. Payments coming to parent companies from subsidiaries as dividends are exchanged to the base currency of the parent company.

Market risk, Nordea Bank Danmark Group

DKKm	Measure	31-dec-05	Maximum	Minimum	Average	31-dec-04
Total risk	VaR	121,9	491,6	50,7	176,8	192,0
Interest rate risk	VaR	111,9	437,9	58,9	138,0	159,6
Foreign exchange risk	VaR	10,7	45,0	6,9	25,5	25,7
Non-linear risk	Simulation	5,8	16,4	0,0	1,5	0,0
Equity risk	VaR	72,0	219,1	22,3	81,6	87,3
Non-linear risk	Simulation	9,0	54,1	1,5	11,8	1,7
Commodity risk	-	-	-	-	-	-



Measurement methods

As there is no single risk measure that captures all aspects of market risk, Nordea on a daily basis uses several risk measures including Value-at-Risk (VaR) models, stress testing, scenario simulation and other non-statistical risk measures such as basis point values, net open positions and option key figures.

Normal market conditions

VaR is used by Nordea to measure linear interest rate, linear foreign exchange and linear equity risks, as well as the risk on interest rate options. A VaR measure across these risk categories, allowing for diversification among the risk categories, is also used.

VaR is a statistical risk measure, which in Nordea is based on the last two years' historical changes in market prices and rates, a holding period of 10 banking days and a probability of 99%. Nordea's historical simulation VaR model is based on the expected tail loss approach, which implies using the average of a number of the most adverse simulation results as an estimate of VaR.

It is Nordea's ambition to use VaR to measure the risk on all significant risk categories for which liquid markets exist and foreign exchange option risk and credit-spread risk are included in the Group's VaR models from 2006.

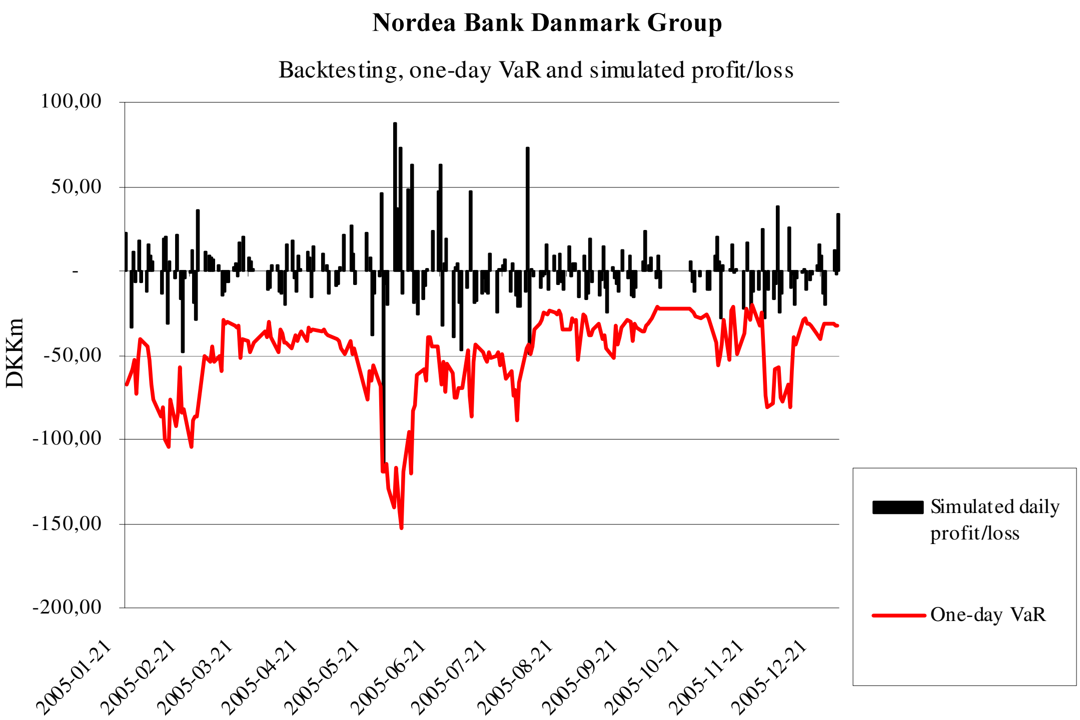
The risk on commodity positions, both linear and non-linear, is also measured using scenario simulation. The scenarios are based on the sensitivity to changes in commodity prices and their volatility.

The market risk on Nordea's account due to a mismatch between the market risk exposure on policy holders' assets and liabilities in Nordea Life and Pensions is measured as the loss sensitivity for two standard market scenarios, which represent normal and stress market conditions, respectively.

Back-tests are performed daily in accordance with the guidelines laid down by the Basel Committee on Banking Supervision in order to test the reliability of the VaR and simulation models. The models have shown reliable statistical characteristics throughout 2005.

Stress testing

Stress tests are used to estimate the possible losses that may occur under extreme market conditions. Nordea performs stress tests based on the current portfolio and information about the daily financial market developments since the beginning of 1993. In addition, Nordea's portfolios are stress tested for subjective scenarios, which are most often based on selected historical events prior to 1993 or adverse scenarios relevant at the current state of the economic cycle or geopolitical situation.



Market risk analysis

The analysis is based on the consolidated risk stemming from both investment and trading activities. Overall, the risk was broadly at the same level at the end of 2005 as the end of 2004.

Total risk
The total VaR was DKK 122m (DKK 192m) at the end of 2005, which shows that there is a noticeable diversification effect between interest rate, linear equity and linear foreign exchange risk, as the total VaR is lower than the sum of the risk in the three categories.

Interest rate risk
The total interest rate VaR was DKK 112m at the end of 2005 (DKK 160m). The total gross sensitivity to a 1-percentage point parallel shift, which measures the development in the market value of Nordea's interest rate sensitive positions if all interest rates move adversely for Nordea, was DKK 1,863m at the end of 2005 and the net interest rate sensitivity was DKK -443m. The largest interest rate exposures are in DKK, EUR and USD.

Foreign exchange risk
Nordea's foreign exchange VaR of DKK 11m (DKK 26m) at year-end is relatively low compared to the interest rate and equity risk exposure. The gross sensitivity to a 5% change in the exchange rate of all currencies vis-à-vis the DKK was DKK 85m at the end of 2005. The foreign exchange option risk grew to DKK 6m.

Equity risk
At the end of 2005, Nordea's equity VaR stood at DKK 72m (DKK 87m) and the net sensitivity to a 10% movement in equity prices was DKK 112m. The largest equity exposures were to the industrial and telecom sectors.

Equity option risk increased during 2005, reflecting the increased activity in these markets.

In addition to the listed shares, the book value of private equity funds and unlisted equities (excluding business-related and credit-related unlisted equities) is limited and monitored in the market risk management, but are not included in the equity VaR figures in the tables and charts in this report.

Commodity risk
Nordea Bank Denmark did not have any exposure to commodity risk during 2005.

Structural Interest Income Risk

Structural Interest Income Risk (SIIR) is the amount Nordea's accumulated net interest income would change during the next 12 months if all interest rates change by one percentage point.

It reflects the mismatch in the balance sheet items and the off-balance-sheet items when the interest rate re-pricing periods, volumes or reference rates of assets, liabilities and derivatives do not correspond exactly.

Measurement methods

The basic measures for SIIR are the two re-pricing gaps that measure the effect on Nordea's net interest income for a 12 months period of a one-percentage point increase in all interest rates respectively a one-percentage point decrease in all interest rates. The re-pricing gaps are calculated under the assumption that no new market transactions are made during the period. Main elements of the customer behaviour and Nordea's decision process concerning Nordea's own rates are taken into account. For example in a low interest rate environment, when rates are decreasing further, the total decrease of rates cannot be applied to non-maturity deposits since rates cannot be negative.

SIIR analysis

At the end of the year, the SIIR for decreasing market rates was DKK -330m and the SIIR for increasing rates was DKK 162m, implying that net interest income would decrease if interest rates fall and increase if interest rates rise.

SIIR is actively managed in order to reduce the effects of the low market rate environment. A portion of Nordea's non-maturity deposits is in practice stable and the interest rates are rarely changed. These accounts have been redefined as long-term and hedged on a rolling basis, which has reduced SIIR.

Liquidity risk

In Nordea, liquidity risk is the risk of only being able to meet liquidity commitments at increased cost or, ultimately, being unable to meet obligations as they fall due.

Measurement methods

The liquidity risk management focuses both on short-term liquidity risk and long-term structural liquidity risk. Nordea's liquidity risk management includes a business continuity plan and stress testing for liquidity management. In order to measure the exposure on both horizons, a number of liquidity risk measures have been developed.

In order to avoid short-term funding pressures, Nordea measures the funding gap risk, which expresses the expected maximum accumulated need for raising liquidity in the course of the next 14 days. Funding gap risk is measured for each currency and as a total figure for all currencies combined.

To ensure funding in situations where Nordea is in urgent need of cash and the normal funding sources do not suffice, Nordea holds a liquidity buffer. The liquidity buffer consists of high-grade liquid securities that can be sold or used as collateral in funding operations.

The structural liquidity risk of Nordea is measured by the net balance of stable funding, which is defined as the difference between stable liabilities and stable assets. ALCO has set as a target that the net balance of stable funding must be positive, which means that stable assets are funded by stable liabilities. These liabilities primarily comprise retail deposits, bank deposits and bonds with a term to maturity longer than 6 months, and shareholders equity. Stable assets primarily comprise retail loans and other loans with a term to maturity longer than 6 months.

Paragraphs above describe how Nordea manages the liquidity risk inherent in financial liabilities.

Liquidity risk analysis

The short-term liquidity risk has been held at moderate levels throughout 2005. The average funding gap risk, i.e. the average expected need for raising liquidity in the course of the next 14 days, has been DKK 42bn.

Nordea's liquidity buffer has been in the range DKK 41-131bn throughout 2005 with an average of DKK 77bn. Nordea considers this a high level and it reflects the Group's conservative attitude towards liquidity risk in general and towards unexpected liquidity events in particular.

Nordea aims to always maintain a positive net balance of stable funding, and throughout 2005 this has been comfortably achieved with the yearly average for the net balance of stable funding being DKK 47bn.

SIIR Risk, GAP Analysis 2005

Static gap

DKKm

Interest Rate Fixing Period	Group B/S	Within 3 months	3-6 month	6-12 month	1-2 year	2-5 year	>5 year	Non Repricing	Total
Assets									
Interest bearing assets	690 916	466 214	12 478	5 167	8 833	5 940	137 328	54 955	690 916
Off-balance sheet items	0	261 171	23 215	15 058	11 183	10 617	130	0	321 375
Non interest bearing assets	72 742	0	0	0	0	0	0	72 742	72 742
Total assets	763 658	727 386	35 694	20 225	20 016	16 558	137 458	127 697	1 085 033
Liabilities									
Interest bearing liabilities	650 488	433 997	13 702	9 913	18 631	13 130	134 248	26 867	650 488
Off-balance sheet items	0	270 104	29 760	10 856	2 500	5 590	2 566	0	321 375
Non interest bearing liabilities	113 170	0	0	0	0	0	0	113 170	113 170
Total liabilities	763 658	704 102	43 462	20 769	21 131	18 719	136 814	140 037	1 085 033
Exposure		23 284	-7 768	-544	-1 115	-2 162	644	-12 340	0
Cumulative exposure		0	15 516	14 962	13 847	11 685	12 340	0	0

Liquidity risk, liability maturity analysis 2005

DKKm

Remaining maturity	Payable on demand	Up to 1 year	1-5 year	>5 year	Total
Liabilities	242 400	185 405	19 601	203 041	650 447

Operational risk

In the Group's Policy for Internal Control and Risk Management, operational risk is defined as the risk of direct or indirect loss, or damaged reputation resulting from inadequate or failed internal processes and systems or from external events. Legal and Compliance risks constitute sub-categories to Operational risk.

Operational risks are inherent in all activities within the organisation, in outsourced activities and in all interaction with external parties.

Solid internal control and quality management, consisting of a risk-management framework, leadership and skilled personnel, is the key to successful operational risk management. An annual report on the quality on Internal Control in the Group is submitted to the Board, incorporating all main issues on financial and operational risks.

Each business area is primarily responsible for managing its own operational risks. Group Credit and Risk Control develops and maintains a framework for identifying, measuring, monitoring and controlling operational risks and supports the line organisation to implement the framework.

Information security, physical security and crime prevention are important components when managing operational risks. To cover this broad scope, the group security function is included in Group Credit and Risk Control, and close cooperation is maintained with Group IT, Group Legal and Compliance.

The main processes for managing operational risks are an ongoing monitoring through self-assessment and the documenting and registering of incidents and quality deficiencies. The analysis of operational risk-related events, potential risk indicators and other early-warning signals are in focus when developing the processes.

The mitigating techniques consist of business continuity plans together with crisis management preparedness and a broad insurance cover for handling major incidents. Mitigation efforts target reliability and continuity in the value chains rather than focusing on single units in the organisation. Special emphasis is put on quality and risk analysis in change management and product development.

The techniques and processes for managing operational risks are structured around the risk sources as described in the definition of operational risk. This approach improves the comparability of risk profiles in different business areas and globally throughout the organisation. It also supports the focus on limiting and mitigating measures to the sources rather than the symptoms.

Reliable and risk-sensitive methods to quantify the operational risks constitute another important target when developing the techniques and processes. A convincing quantification is a prerequisite for more advanced models to calculate Economic Capital for operational risks.

Economic Capital

Nordea defines Economic Capital (EC) as the capital required to cover unexpected losses in the course of its business with a certain probability and it is estimated from a shareholder perspective.

Losses occur as an unpreventable part of the businesses that Nordea performs. The size of the losses is uncertain and will vary around an expected loss level. EC is the amount of capital that Nordea needs to hold in order to be able to absorb the losses at a certain level of confidence and it is a more sophisticated measure of required capital than the current regulatory capital. It is also an important input in the Economic Profit (EP) calculations.

Nordea calculates EC for the following risk types: credit risk, market risk, life insurance risk, operational risk, and business risk. The EC from the different risk types are aggregated to total Nordea EC taking diversification effects between the risk types into account.

In order to achieve consistent risk measurement throughout Nordea, the measurement period is set to one year and the confidence level is 99,97% for all risk types. Nordea's total EC equals the amount needed to cover unexpected losses during one year in 99.97% of all possible cases.

Quantitative models are used to estimate the unexpected losses for each of the risk types compiled into EC:

- Credit risk is calculated using a set of capital factors. The capital factors are developed for different products, customer segments and credit quality categories. The factors have been estimated using a portfolio model, where PD, LGD and EAD are inputs, and are reviewed and updated annually. The parameter estimation framework used for EC will to a large extent also be used in the upcoming Basel II.
- The Market risk measurement for the banking business is based on scenario simulation and Value-at-Risk (VaR) models tailor-made for EC. The market risk in Nordea's internal defined benefit plans is based on VaR models.
- Operational risk is calculated according to the proposed standardised approach within Basel II.

- Business risk is calculated based on the observed volatility in historical profit and loss time series that is attributed to business risk.

When all types of risk of the Group are combined, considerable diversification effects will arise, since it is highly improbable that all unexpected losses occur at the same time. However, the achievable level of diversification is reduced by highly correlated risk types. Credit risk and market risk are both highly correlated with the development of the general economy and thus reduce the level of diversification. Still, the diversification effects mean that the total EC is lower than the sum of the EC for each risk type.

New Capital Requirements Directive (Basel II)

The new Basel II Capital Accord was initiated to improve the risk sensitivity of the regulatory capital framework, to institute tougher disclosure requirements as well as a more rigorous supervisory review process for banks. The EU has in October 2005 approved the content of the "Capital Requirements Directive". On national level the consolidating supervisor for Nordea, the Swedish Finansinspektionen has in October 2005 published a national Internal Rating Based (IRB) Approach regulation. Draft regulation for other areas and from Nordea host supervisors has been published as well during 2005.

By applying the revised framework, the internal assessment of risk will serve as an input into the capital requirement calculations. The EU Directive contains a detailed set of minimum requirements to assure the conceptual soundness and integrity of internal risk assessments. In order to comply with the set of minimum requirements related to the IRB Approach, Nordea has refined internal models and processes used within the Economic Capital framework. In addition, a comprehensive financial data warehouse is under development.

Nordea participated in the fifth Quantitative Impact Study in 2005. The result of this as well as earlier studies indicates that the new regulations will have a positive effect on minimum required capital, the main reason being the Group's lending portfolio mix. For Nordea, a decrease in risk-weighted assets is expected to increase the Group's flexibility to manage its regulatory capital in a more efficient way.

The business case for Basel II can be drawn from the reduction in risk-weighted assets and hence capital needed under the chosen implementation plan. Equally important are the indirect benefits, which can be summarized as follows:

- Improved risk management standards
- Improved efficiency in the credit process
- Improved management information and pricing
- Consolidation of processes and reporting standards.

During 2005 Nordea has submitted an application to use foundation IRB approach from 2007 for calculating capital requirements for credit risk as well as the standardised approach for operational risk to the consolidating and host supervisors. The application for credit risk covers exposures to corporate entities and institutions. Nordea will gradually move towards advanced IRB approach for all material portfolios during the transition period.

In Nordea the process of aligning Nordea's IT systems and risk management processes has required substantial efforts and resources during 2005. The Basel II Programme is one of the largest programmes in Nordea involving personnel from Nordea business areas, Group Process and Technology, Group Corporate Center, Group Credit and Risk Control and Group Legal. During 2005 the focus has been on the following factors:

- Continuous work with the validation of rating and scoring models and parameters such as PD, LGD and EAD
- Development of a data warehouse fulfilling Basel II requirements with main focus on future external and internal risk reporting
- Aligning the Internal Capital Adequacy Assessment Process (ICAAP)
- Ensure competence build up throughout the organisation via internal seminars and workshops.

Important activities to align the ICAAP with Pillar II requirements have been to set up a Capital Planning Forum headed by the CFO, in which the capital planning activities within the Group are co-ordinated, and to finalize the framework for stress tests and treatment of Other risks.

In 2006 additional effort and resources will be allocated to further close the gaps between the Group's framework for Economic Capital and risk management process and the anticipated IRB requirements. Continued focus will be the further development of a data warehouse as well as the delivery of quarterly parallel capital adequacy report, beginning the first quarter of 2006 and covering the portfolios where IRB approach is applied for the corporate entities and institutions portfolios in 2007.

Human resources

HR Strategy

The employees form the basis for the successful development of Nordea. The aim is to attract, develop and retain highly motivated, competent and performance oriented people. This challenging goal is reflected in mandatory focus areas throughout the Nordea Group.

HR Policies
A number of policies within HR have been developed and harmonised in order to reduce complexity. These policies deal with learning, career management and recruitment. With these joint guidelines Nordea takes yet another step towards being just one bank.

Profile
During 2005 the decline in the number of employees continued as a consequence of Nordea's ongoing focus on integration and efficient processes.

The number of personnel was reduced from 7,436 to 7,305 in 2005.

The focus of the HR organisation on providing new job opportunities for employees identified as redundant in their present position has contributed to avoiding lay-offs.

Incentive Programmes
All employees participate in a profit sharing programme. In addition, an executive incentive programme for managers of the Nordea Group has been implemented. The performance criteria 2005 included Economic Profit and Nordea's relative performance compared to the Nordic peer group as measured by return on equity (excluding goodwill).

The performance criteria for both employee and executive programmes reflect internal goals as well as benchmarking against competitors. Both programmes are capped.

Performance and Development Dialogue
One of the main instruments to secure development of the employees both through formal training and on the job training is the Performance and Development Dialogue (PDD).

Environmental concerns

In accordance with Group Corporate Citizenship Principles Nordea Bank Danmark is committed to sustainable development by combining financial performance with environmental and social responsibility, caring for the environment and working to reduce the negative and to increase the positive environmental impact of its business activities.

The Nordea Group has adopted an environmental policy that will provide guidance on how the group entities will manage and control environmental issues in their own operations, supporting the reduction of related costs and business risks to the Group.

The policy will also guide policymaking and business initiatives regarding financial involvement by business units and cooperation with suppliers.

Legal proceedings

Within the framework of the normal business operations, the Group faces a number of claims in lawsuits and other disputes, most of which involve relatively limited amounts. None of these disputes is considered likely to have any significant adverse effect on the Group or its financial position.

Subsequent events

No events have occurred after the balance sheet date, which may affect the assessment of the annual financial statements.

Outlook

The economic outlook for 2006 indicates a continued strong growth in GDP in Nordea's home markets as well as in private consumption and investments. On the back of this, and Nordea's strong market position as well as the business activity among Nordea's clients, a strong volume growth is expected also in 2006. Continued margin pressure implies that income growth will be lower than the volume growth also in 2006.

During the last three years Nordea's cost base has been reduced by 6%. A strict cost management culture has been established in the Group. When the extended flat-cost target for the period 2005-2007 was communicated at the Capital Markets Day in November 2004, a gap between income and cost growth of approx 4% was implicit in the targets. In 2005 revenues in the Nordea Group increased by 7% and costs were unchanged.

For 2006, the Nordea Group's target is to achieve a gap between growth in income and costs of at least five percentage points. Costs are expected to be largely unchanged. The development in Nordea Bank Denmark is expected to contribute to reaching this target.
Credit quality remains strong, evidenced by low loan losses. Based on the solid economic forecasts, as well as estimates in internal credit rating models, loan losses are expected to remain low in 2006.

Nordea Bank Danmark Group and Nordea Bank Danmark A/S

Income statements

DKKm	Note	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Operating income					
Interest income	3	22 616	21 779	14 523	13 573
Interest expense	3	-15 357	-14 753	-9 006	-7 859
Net interest income	3	7 259	7 026	5 517	5 714
Fee and commission income	4	4 129	3 233	4 159	3 294
Fee and commission expense	4	-1 035	-720	-868	-582
Net fee and commission income	4	3 094	2 513	3 291	2 712
Net gains/losses on items at fair value	5	820	843	1 029	847
Profit from companies accounted for under the equity method	20	239	330	-	-
Dividends	6	6	5	295	487
Other operating income	7	602	668	517	592
Total operating income		**12 020**	**11 384**	**10 649**	**10 351**
Operating expenses					
General administrative expenses:					
Staff costs	8	-4 472	-4 351	-4 294	-4 183
Other expenses	9	-2 343	-2 376	-2 202	-2 284
Depreciation, amortisation and impairment charges of tangible and intangible assets	10, 22, 23	-111	-199	-80	-159
Total operating expenses		**-6 926**	**-6 926**	**-6 576**	**-6 626**
Loan losses	11	348	124	384	158
Operating profit		**5 442**	**4 583**	**4 458**	**3 883**
Income tax expense	12	-1 486	-1 387	-1 152	-1 292
Net profit for the year		**3 956**	**3 196**	**3 305**	**2 591**
Attributable to:					
Shareholders of Nordea Bank Danmark A/S				3 305	2 591
Minority interest				-	-
Total				**3 305**	**2 591**

Balance sheets

DKKm	Note	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Assets					
Cash and balances with central banks		3 686	2 725	3 686	2 725
Treasury bills and other eligible bills		-	-	-	-
Loans and receivables to credit institutions	14, 16	136 999	130 044	143 527	109 196
Loans and receivables to the public	15, 16, 24	419 163	351 078	228 361	190 518
Interest-bearing securities	17	130 222	140 750	151 615	136 086
Shares	18	15 939	11 596	15 933	11 589
Derivatives	19	2 229	4 381	2 229	4 366
Fair value changes of the hedged items in portfolio hedge of interest rate risk	44	545	-	545	-
Investments in associated undertakings	20	507	527	255	326
Investments in group companies	21	155	121	6 985	6 323
Intangible assets	22	93	44	72	41
Property and equipment	23, 24	231	244	145	138
Investment property	25	490	579	25	25
Deferred tax assets	12	-	-	217	-
Current tax assets		363	-	363	-
Prepaid expenses and accrued income	26	2 754	5 426	2 724	4 096
Other assets	27	50 284	811	59 031	797
Total assets		**763 658**	**648 325**	**615 712**	**466 226**
Liabilities					
Deposits by credit institutions	28	207 947	188 174	211 528	190 909
Deposits and borrowings from the public	29	242 424	211 830	243 186	212 344
Debt securities in issue	30	190 112	176 149	353	415
Derivatives	19	2 443	5 829	2 446	5 829
Fair value changes of the hedged items in portfolio hedge of interest rate risk	44	-	-	-	-
Current tax liabilities		-	30	-	35
Other liabilities	31	82 141	27 570	127 619	27 082
Accrued expenses and prepaid income	32	4 139	5 691	1 042	846
Deferred tax liabilities	12	741	722	-	722
Provisions	33	1	12	1	12
Retirement benefit obligations	34	82	70	82	70
Subordinated liabilities	35	10 034	9 337	10 034	9 337
Total liabilities		**740 065**	**625 415**	**596 291**	**447 600**
Equity	36				
Minority interests		46	47	-	-
Revaluation reserves		9	-	9	-
Core equity					
Share capital		5 000	5 000	5 000	5 000
Other reserves		-	4 864	-	1 534
Retained earnings		14 583	9 803	11 107	9 501
Net profit for the year		3 956	3 196	3 305	2 591
Total core equity		**23 538**	**22 864**	**19 412**	**18 626**
Total equity		**23 594**	**22 911**	**19 421**	**18 626**
Total liabilities and equity		**763 658**	**648 325**	**615 712**	**466 226**
Assets pledged as security for own liabilities	37	120 233	99 527	122 355	92 907
Contingent liabilities	38	30 830	26 333	97 118	78 228
Commitments	39	131 469	138 276	131 469	138 276

Other notes

Note 1	Accounting policies	Note 43	Assets and liabilities in foreign currencies
Note 2	Segment reporting	Note 44	Hedge accounting
Note 13	Commitments with the Board of Directors and Executive Management	Note 45	Continued involvement in assets that have been transferred and associated liabilities
Note 40	Capital adequacy	Note 46	Investments, customer bearing the risk
Note 41	Classification of financial instruments	Note 47	Related-party transactions
Note 42	Assets and liabilities at fair value	Note 48	The Danish Financial Supervisory Authoritys ratio system

Statement of recognised income and expense

	Group		Parent company	
DKKm	2005	2004	2005	2004
Currency translation differences during the year	-1	0	-1	0
Available-for-sale investments:				
Valuation gains/losses taken to equity	13	-	13	-
Tax on items taken directly to or transferred from equity	-4	-	-4	-
Net income recognised directly in equity	**9**	**0**	**9**	**0**
Profit for the period	**3 956**	**3 196**	**3 305**	**2 591**
Total recognised income and expense for the year	**3 965**	**3 196**	**3 314**	**2 591**
Attributable to:				
Shareholders of Nordea Bank Danmark A/S			3 314	2 591
Minority interest			-	-
Total			**3 314**	**2 591**

Cash flow statement

DKKm	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Operating activities				
Operating profit	5 442	4 583	4 458	3 883
Adjustments for items not included in cash flow	-236	-56	-1 232	-106
Income taxes paid	-2 005	-1 404	-2 005	-1 404
Cash flow from operating activities before changes in operating assets and liabilities	**3 201**	**3 123**	**1 221**	**2 373**
Changes in operating assets				
Change in loans and receivables to credit institutions	-7 817	31 830	-35 193	67 893
Change in loans and receivables to the public	-68 085	-42 407	-37 843	-21 858
Change in interest-bearing securities	13 590	18 318	11 351	-4 526
Change in shares	-4 423	-251	-4 424	-247
Change in derivatives, net	-1 234	-345	-1 246	626
Change in other assets	-2 045	43	-2 099	166
Changes in operating liabilities				
Change in deposits by credit institutions	19 773	-40 266	20 619	-62 385
Change in deposits and borrowings from the public	30 594	33 628	30 842	33 188
Change in debt securities in issue	545	3 669	-62	-5 190
Change in other liabilities	18 962	-14 979	20 664	-16 989
Cash flow from operating activities	**3 061**	**-7 637**	**3 830**	**-6 949**
Investing activities				
Acquisition of investments in group undertakings	-64	-	-814	-750
Sale of investments in group undertakings	-	-	-	63
Acquisition of investments in associated undertakings	-15	-23	-15	-23
Sale of investments in associated undertakings	4	53	-4	53
Acquisition of tangible assets	-80	-46	-71	-31
Sale of tangible assets	53	90	15	71
Acquisition of intangible assets	-57	-36	-39	-33
Sale of intangible assets	-	-	-	-
Purchase/sale of other financial fixed assets	-	-	-	-
Cash flow from investing activities	**-159**	**38**	**-928**	**-650**
Financing activities				
Issued subordinated liabilities	697	1 312	697	1 312
Dividend paid	-3 500	-2 250	-3 500	-2 250
Cash flow from financing activities	**-2 803**	**-938**	**-2 803**	**-938**
Cash flow for the year	**99**	**-8 537**	**99**	**-8 537**
Cash and cash equivalents at the beginning of year	**6 705**	**15 242**	**6 705**	**15 242**
Cash and cash equivalents at the end of year	**6 804**	**6 705**	**6 804**	**6 705**
Change	**99**	**-8 537**	**99**	**-8 537**

Comments on the cash flow statement

The cash flow statement has been prepared in accordance with IAS 7 and shows inflows and outflows of cash and cash equivalents during the year. Nordea's cash flow has been prepared in accordance with the indirect method, whereby net profit is adjusted for effects of non-cash transactions such as depreciation and loan losses. The cash flows are classified by operating, investing and financing activities.

Operating activities
Operating activities are the principal revenue-producing activities and cash flows are mainly derived from the operating profit for the year with adjustment for items not included in cash flow and income taxes paid. Adjustment for non-cash items includes:

	Group		Parent company	
DKKm	2005	2004	2005	2004
Depreciation	111	199	80	159
Loan losses	-348	-124	-384	-158
Change in accruals and provisions	8	-50	-928	-107
Profit from companies accounted for under the equity method	-239	-330	-	-
Dividends	232	249	-	-
Other	-	-	-	-
	-236	**-56**	**-1 232**	**-106**

Changes in operating assets and liabilities consist of assets and liabilities that are part of normal business activities, such as loans and receivables and deposits. Changes in derivatives are reported net.

Cash flow from operating activities includes interest payments received and interest expenses paid with the following amounts:

	Group		Parent company	
DKKm	2005	2004	2005	2004
Interest payments received	22 616	21 779	14 523	13 573
Interest expenses paid	-15 357	-14 753	-9 006	-7 859

Investing activities
Investing activities include the acquisition and disposal of fixed assets, financial as well as tangible and intangible assets. Aggregated cash flows arising from acquisition and sale of subsidiaries are presented separately and consist of:

	Group	
DKKm	2005	2004
Acquisition of group undertakings		
Liquid funds	-	-
Loans and receivables to credit institutions	116	-
Tangible and intangible assets	4	-
Other assets	4	-
Total assets	**124**	**-**
Deposits by credit institutions	-	-
Other liabilities and provisions	61	-
Total liabilities	**61**	**-**
Purchase price paid/merged	64	-
Cash and cash equivalents in acquired group undertakings	-	-
Net effect on cash flow	**64**	**-**

Financing activities
Financing activities are activities that result in changes in equity, such as new issues, dividends and change in subordinated liabilities.

Liquid assets
The following items are included in liquid assets:

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2005	2004	2005	2004
Cash and balances at central banks	3 686	2 725	3 686	2 725
Loans and receivables to credit institutions, payable on demand	3 118	3 980	3 118	3 980
	6 804	**6 705**	**6 804**	**6 705**

Cash comprises legal tender and bank notes in foreign currencies. Balances with central banks consist of deposits in accounts with central banks and postal giro systems under government authority, where the following conditions are fulfilled;
- the central bank or the postal giro system is domiciled in the country where the institution is established
- the balance on the account is readily available any time.

Loans to credit institutions, payable on demand include liquid assets not represented by bonds or other interest-bearing securities.

Notes to the financial statements

Note 1
Accounting policies

Basis for presentation

The financial statements for Nordea Bank Danmark A/S and for the group are prepared in accordance with International Financial Reporting Standards (IFRS) endorsed by the EU and additional Danish disclosure requirements for annual reports laid down in the Danish IFRS Executive Order on financial services enterprises issued pursuant to the Danish Financial Business Act. On 20 February 2006 the Board of Directors approved the financial statements, subject to final approval on the Annual General Meeting 10 March 2006.

The standard IFRS 7 “Financial instruments: Disclosures” was endorsed by the EU in January 2006. However, Nordea has chosen to early adopt this standard in the accounts for 2005 as the endorsement took place before the annual report was issued.

The disclosure requirements in IFRS 1 “First-time Adoption of International Financial Reporting Standards” have been applied when presenting the changes to the financial statements following the adoption of IFRS. A description of the effects of implementing IFRS can be found in the following section.

Changed accounting policies

The comparative figures for 31 December 2004 includes effects of all relevant IFRSs apart from revised IAS 39 (June 2005) that came into force in 2005.

In accordance with the transition rules for the application of IFRS 7 Financial Instruments: Disclosures, included in IFRS 1, Nordea does not present comparative information for disclosures required by this standard.

In the Annual report for 2004 Danish GAAP was applied. The main differences between Danish GAAP and IFRS principles affecting the financial statements of Nordea Bank Danmark are (unless otherwise stated the changes apply to both the group and the parent):

IAS 1, Presentation of Financial Statements

According to Danish GAAP minority interests were deducted from group equity and separately disclosed. In accordance with IAS 1 and IAS 27 minority interests are now included as a separate component in equity.

IAS 10, Dividend

In accordance with previous Danish GAAP proposed dividend was booked as an obligation in the annual accounts. IFRS requires that the dividend is included in equity until the decision regarding dividend is formally adopted.

IAS 17, Operating lease

A few leases where Nordea is the lessor, have been reclassified from financial leases to operating leases pursuant to IAS 17. The relevant leases which were previously recognised under loans and receivables to the public have been reclassified in the balance sheet to investment properties.

IAS 19, Pension commitments

In connection with the implementation of IFRS retirement benefit assets and retirement benefit obligations on defined benefit plans are recognised in accordance with the principles in IAS 19.

IAS 27, Consolidated financial statements

Pursuant to IAS 27 and Interpretation SIC 12 a limited number of Special Purpose Entities (SPEs) are now consolidated. Consolidation is undertaken in the instances where the relationship with Nordea Bank Danmark indicates that the SPE is subject to controlling interest.

IAS 27, Separate financial statements

In the financial statements for Nordea Bank Danmark A/S investments in subsidiaries and associates are measured at cost and dividends are recognised in the banks profit when approved by the Annual General Meeting. Previously the equity method was applied.

IAS 28, Associated undertakings

In the consolidated accounts for the group associated undertakings are measured at the groups share of the undertaking´s net asset value (equity method). The bank´s share of the associate´s profits is recognised during the financial year. Previously, the profit in associated undertakings was recognised in the bank´s profit at the date of the presentation of the annual accounts of the undertaking

IAS 39, Financial Instruments: Recognition and Measurement

Classification of financial instruments

Each financial instrument within the scope of IAS 39 has been classified into the categories described in section “Financial instruments: Classification of financial instruments”.

The classification is the basis for how each financial instrument is measured in the balance sheet after initial recognition and how changes in value are recognised.

Interest income from impaired loans

Implementation of IAS 39 regarding impairment means that the interest income from impaired loans is recognised as interest income, calculated at the effective interest rate, while the value of a loan at the time of impairment is calculated based on net present value of future cash flows discounted with the original effective interest rate.

Loan loss provisions

Loan loss provisions based on expected loss are not allowed under IAS 39. The standard instead requires impairment to be objectively identified in large individual loans or in groups of loans with similar risk characteristics and the loan loss provisions to be calculated by discounting the expected future cash flows.

Hedge accounting

Following the implementation of IAS 39 all derivatives are measured at fair value, also those that previously were accounted for under hedge accounting requirements. Fair value hedge accounting is applied, meaning that both the hedging instrument and the hedged item are measured at fair value, with changes in fair values recognised directly in the income statement.

Issued mortgage bonds and related mortgage loans

The issued Danish mortgage bonds and closely related mortgage loans in the fully owned subsidiary Nordea Kredit Realkreditaktieselskab are measured at fair value. The measurement of these items to fair value had, however, no net effect on equity in the opening balance as at 1 January 2005.

Upfront fees on loans

Implementation of IAS 39 regarding the measurement of loans at amortised cost using the effective interest rate method means that fees received when entering into a loan agreement is to be amortised over the expected lifetime of the loans as part of the measurement.

Recognition and derecognition of financial instruments

Spot transactions in quoted securities are recognised and derecognised using trade date accounting. Previously, settlement date accounting was applied.

Trading income in Markets

The trading income in Markets (apart from fee income) is included in the income statement as Net gains/losses on items at fair value. Previously, trading income was split between interest and the securities and foreign exchange result.

Own bonds

Own bonds are not accounted for as assets. Acquisition of own bonds is recorded as a reduction of issued bonds. In accordance with the old accounting rules own bonds were previously recorded as bonds.

IAS 40, Investment properties

Investment properties are measured at fair value with value adjustment directly in the income statement. Previously, investment properties were measured at cost of acquisition.

Taxes

Nordea Bank Danmark A/S is taxed jointly with the Danish companies, branches etc of the Nordea Group according to the new rules of joint taxation for 2005. As a result of the new rules of joint taxation current and deferred tax is recognised in the annual reports of the individual group undertakings as from the 2005 accounting period (full distribution). On account tax for 2005 has been paid by Nordea Bank Danmark A/S. Previously, the total Danish current and deferred tax was recognised and paid by the parent company Nordea Bank Danmark A/S, using the parent company method.

The deferred net tax liability of DKK 940m at 1 January 2005, relating to subsidiaries, has been reversed with set-off directly in the equity of the parent company Nordea Bank Danmark A/S. Comparative figures have not been restated.

Change in accounting estimates

Previously, tangible assets of less than DKK 100,000 were written off immediately though profit or loss. As from 2005 the tax limit for immediate write-off is used (DKK 11,000 in 2005). The change is made in order to adjust the accounting principles of Nordea Bank Danmark to those of the Nordea Bank AB Group.

Effects of IFRS

The effects, per standard, of applying IFRS on the comparative figures in the income statement and in the balance sheet are disclosed in the following tables:

DKKm	Group 2004	Parent 2004
Net income under Danish GAAP	3 211	3 211
IAS 19 Pension commitments	18	18
IFRS 28 Associated undertakings	-23	-
IFRS 27 Separate fin. statements	-	-628
Other	-10	-10
Net income under IFRS	**3 196**	**2 591**

Nordea Bank Danmark Group, Balance sheet, DKKm	Danish GAAP 20031231	IAS 10	IAS 27	IAS 17	IAS 28	Other	IFRS 20040101
Assets							
Treasury bills and other interest-bearing securities	-						-
Loans and receivables to credit institutions	169 631						169 631
Loans and receivables to the public	309 231			-560			308 671
Interest bearing securities and shares	166 359		4 054				170 413
Derivatives	4 418						4 418
Other assets	9 444			560	133	139	10 276
Total assets	**659 083**	**-**	**4 054**	**-**	**133**	**139**	**663 409**
Liabilities and equity							
Deposits by credit institutions	228 440						228 440
Deposits and borrowings from the public	178 202						178 202
Debt securities in issue	168 473		4 007				172 480
Derivatives	6 207						6 207
Subordinated liabilities	8 025						8 025
Other liabilities and minority interests	50 298	-2 250	47			42	48 137
Core equity	19 438	2 250			133	97	21 918
Total liabilities and equity	**659 083**	**-**	**4 054**	**-**	**133**	**139**	**663 409**

Nordea Bank Danmark Group, Balance sheet, DKKm	Danish GAAP 20041231	IAS 27	IAS 10	IAS 19	IAS 28	IAS 17	Other	IFRS 20041231	IAS 39	IFRS 20050101
Assets										
Treasury bills and other interest-bearing securities	-							-		-
Loans and receivables to credit institutions	130 041	3						130 044	33	130 077
Loans and receivables to the public	351 639					-562		351 078	1 369	352 447
Interest bearing securities and shares	149 373	2 973						152 346	-35 449	116 897
Derivatives	4 381							4 381	179	4 560
Other assets	9 656	1		87	110	562	61	10 476	23 328	33 804
Total assets	**645 090**	**2 977**	**-**	**87**	**110**	**-**	**61**	**648 325**	**-10 540**	**637 785**
Liabilities and equity										
Deposits by credit institutions	188 172	3						188 174	26	188 201
Deposits and borrowings from the public	211 830							211 830		211 830
Debt securities in issue	173 223	2 926						176 149	-36 080	140 069
Derivatives	5 829							5 829	731	6 560
Subordinated liabilities	9 337							9 337		9 337
Other liabilities and minority interests	37 550	49	-3 500	26			17	34 142	24 562	58 705
Core equity	19 149		3 500	61	110		44	22 864	220	23 083
Total liabilities and equity	**645 090**	**2 977**	**-**	**87**	**110**	**-**	**61**	**648 325**	**-10 540**	**637 785**

Nordea Bank Danmark A/S Balance sheet, DKKm	Danish GAAP 20031231	IAS 10	IAS 27	Other	IFRS 20040101
Assets					
Treasury bills and other interest-bearing securities	-				-
Loans and receivables to credit institutions	184 846				184 846
Loans and receivables to the public	168 660				168 660
Interest bearing securities and shares	142 902				142 902
Derivatives	4 516				4 516
Other assets	17 703		-3 499	139	14 431
Total assets	**518 627**	**-**	**-3 499**	**139**	**515 267**
Liabilities and equity					
Deposits by credit institutions	253 294				253 294
Deposits and borrowings from the public	179 156				179 156
Debt securities in issue	5 605				5 605
Derivatives	6 305				6 305
Subordinated liabilities	8 025				8 025
Other liabilities and minority interests	46 804	-2 250		42	44 596
Core equity	19 438	2 250	-3 499	97	18 286
Total liabilities and equity	**518 627**	**-**	**-3 499**	**139**	**515 267**

Nordea Bank Danmark A/S Balance sheet, DKKm	Danish GAAP 20041231	IAS 27	IAS 10	IAS 19	Other	IFRS 20041231	IAS 39	IFRS 20050101
Assets								
Treasury bills and other interest-bearing securities	-					-		-
Loans and receivables to credit institutions	109 196					109 196	33	109 229
Loans and receivables to the public	190 516				2	190 518	307	190 825
Interest bearing securities and shares	147 675					147 675	1 707	149 382
Derivatives	4 366					4 366	179	4 545
Other assets	18 460	-4 127		87	51	14 471	24 496	38 967
Total assets	**470 213**	**-4 127**	**-**	**87**	**53**	**466 226**	**26 723**	**492 949**
Liabilities and equity								
Deposits by credit institutions	190 909					190 909	26	190 935
Deposits and borrowings from the public	212 344					212 344		212 344
Debt securities in issue	415					415		415
Derivatives	5 829					5 829	731	6 560
Subordinated liabilities	9 337					9 337		9 337
Other liabilities and minority interests	32 230		-3.500	26	9	28 765	25 746	54 511
Core equity	19 149	-4 127	3.500	61	44	18 626	220	18 846
Total liabilities and equity	**470 213**	**-4 127**	**-**	**87**	**53**	**466 226**	**26 723**	**492 949**

Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles in certain cases requires the use of estimates and assumptions by management. The estimates are based on past experience and assumptions that management believes are fair and reasonable. These estimates and the judgement behind them affect the reported amounts of assets, liabilities and commitments, as well as income and expenses in the financial statements presented. Actual outcome can later to some extent differ from the estimates and the assumptions made.

Critical judgements and key sources of estimation uncertainty

Certain accounting policies are considered to be important to the portrayal of Nordea's financial position, since they require management to make difficult, complex or subjective judgements and estimates, some of which may relate to matters that are inherently uncertain. These critical judgements and assumptions are in particular associated with:

- Fair value measurement of financial instruments
- Impairment testing of loans, receivables and guarantees
- Claims in lawsuits
- Fair value measurement of investment properties

Fair value measurement of financial instruments

Critical judgements are exercised when determining fair value of financial instruments in the following areas:
- The choice of valuation techniques
- The determination of when quoted prices fail to represent fair value
- The construction of fair value adjustments in order to incorporate relevant risk factors such as credit risk, model risk and liquidity risk
- The judgement of which market parameters that are observable

In all of these instances, decisions are based upon professional judgement in accordance with the principles in Nordea's accounting and valuation policies. All such decisions are subject to approval by relevant Group functions.

Impairment testing of loans, receivables and guarantees

For individual loans and for groups of loans that are identified as impaired, a calculation is made to establish a value for the loan or groups of loans. As a basis for this calculation judgements that are vital for the accuracy of the calculated value are applied.

For individual loans the most critical judgement is to assess the most probable future cash flow that the obligor might generate. As a part of the judgement the management uses all available information and past experience regarding the obligor's record to handle difficult financial situations.

To assess the value of a group of loans identified as impaired historical data is commonly used. These data have emerged in a different situation than the current one, which implies that there is a need to make some adjustments of the data. The accuracy of the assessed value is dependent on how well the adjusted data reflects the current situation.

Claims in lawsuits

Within the framework of the normal business operations, the Group faces a number of claims in lawsuits and other disputes, most of which involve relatively limited amounts. None of these disputes is considered likely to have any significant adverse effect on the Group or its financial position.

Fair value measurement of investment properties

Discounted cash flows are used for fair value measurement of investment properties. The forecast of future cash flows are based on Nordea's best estimates of future operating profit and return requirements for each individual property taking factors such as location and maintenance condition into consideration. A number of assumptions and estimates have material effect on the calculations and include parameters like inflation, trends in rents and costs, exit yield and discount rate. Changes to any of these parameters, following changes in market conditions, vacancy rates or other, affect the forecasted cash flows and thus the fair value of the investment property.

Principles of consolidation

Consolidated entities

The consolidated financial statements include the accounts of the parent company Nordea Bank Danmark A/S and those entities that meet the definition of a subsidiary according to IAS 27. This definition is generally fulfilled when the parent company owns, directly or indirectly through group undertakings, more than 50% of the voting rights or otherwise has the power to govern the financial and operating policies of the entity.

All Group undertakings are consolidated using the purchase method. The group undertakings are included in the consolidated accounts from the date on which control is transferred to the Group and are no longer consolidated from the date on which control ceases.

In the consolidation process the reporting from the subsidiaries are adjusted to ensure consistency with IFRS principles applied by the Group.

Investments in associated undertakings

The equity method of accounting is used for associated undertakings where the share of voting rights is between 20% and 50% and/or where the owning entity has significant influence.

Profits from companies accounted for under the equity method are in the income statement reported pre-taxes. Tax costs related to these profits are included in the income tax expense for the Group.

Joint ventures

Proportionate method of consolidation is used for investments where the contractual arrangements between the investors establish joint control over the economic activity of the entity. Nordea's share of the assets, liabilities, income and expenses of jointly controlled entities are combined line by line with corresponding items in the Groups financial statements.

Special Purposes Entities (SPEs)

Nordea have engaged in the formation of a limited number of Special Purpose Entities (SPEs), in general for securitization purposes, allowing customers to invest in the assets of the SPE by investing in securities issued by the SPE. Legally the SPEs are independent entities and Nordea has no influence on the decision making process. The only risk involved follows from Nordea's loans to the SPEs. However, Nordea is the creator of the SPEs and obtain economic benefits through arranger fees and by acting as master servicer.

In accordance with SIC 12 these SPEs are therefore consolidated into Nordea Group. The equity in these entities is reported in full as minority interests. Other effects on the balance sheet are minor.

Principles of elimination

Intra-group transactions and balances between the consolidated group undertakings are eliminated. Unrealised losses are eliminated unless the loss constitutes an impairment cost.

Currency translation of foreign entities

The consolidated financial statements are prepared in Danish Kroner (DKK), the presentation currency of the parent company Nordea Bank Danmark A/S. The current method is used when translating the financial statements of foreign entities into euro from their functional currency. The assets and liabilities of foreign entities have been translated at the year-end exchange rates, while items in the income statements are translated at the average exchange rate for the year. Translation differences are booked directly to equity.

Goodwill and fair value adjustments arising from the acquisition of group undertakings are treated as local currency assets and liabilities and are translated at the closing rate.

Translation of assets and liabilities denominated in foreign currencies

The functional currency of an entity has been decided based upon the primary economic environment in which the entity operates, in accordance with IAS 21.

Foreign currency is defined as any other currency than the functional currency of the entity. Foreign currency transactions are recorded at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate on the balance sheet date.

Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, and unrealised translation differences on unsettled foreign currency monetary assets and liabilities, are recognised in the income statement in the item "Net gains/losses on items at fair value".

Translation differences on financial instruments that are designated hedging instruments in a hedge of a net investment in a group undertaking are recognised in equity, to the extent the hedge is effective, in order to offset the translation differences affecting equity when consolidating the group undertaking into Nordea Bank Danmark. Any ineffectiveness is recognised in the income statement in the item "Net gains/losses on items at fair value".

Recognition and derecognition

Derivative instruments, quoted securities and foreign exchange spot transactions are recognised on and derecognised from the balance sheet on the trade date.

Other financial instruments are recognised on the balance sheet on settlement date.

Financial assets other than those for which trade date accounting are applied, are derecognised from the balance sheet when the contractual rights to the cash flows from the financial asset expire or are transferred to another party. The rights to the cash flows normally expire or are transferred when the counterpart has performed by e.g. repaying a loan to Nordea, i.e. on settlement date.

In some cases, Nordea enters into transactions where it transfers assets that are recognised on the balance sheet, but retains either all or a portion of risks and rewards of the transferred assets. If all or substantially all risks and rewards are retained, the transferred assets are not derecognised from the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include e.g. security lending agreements and repurchase agreements.

Financial liabilities, other than those for which trade date accounting are applied, are derecognised from the balance sheet when the liability is extinguished.

Normally this is when Nordea performs, for example when Nordea repay a deposit to the counterpart, i.e. settlement date.

Hedge accounting

IAS 39 includes principles and rules concerning accounting for hedging instruments and the underlying hedged item, so called hedge accounting. Following the implementation of IAS 39 all derivatives are measured at fair value. This also includes those derivatives that previously were accounted for under hedge accounting requirements, which was the case for the Group at the financial year-end 2004. All derivatives that were used for hedging purposes at the end of December 2004 are included in hedge accounting as of 2005. Nordea applies the EU carve out version of IAS 39 for portfolio hedges of both assets and liabilities.

The hedge accounting policy within the Group has been developed to fulfil the requirements set in IAS 39. Nordea uses hedge accounting in the financial statement in order to have a symmetrical accounting treatment of the changes in fair value of the hedged item and changes in fair value of the hedging instruments. The overall purpose is to have a true and fair presentation of Nordea's economical hedges in the financial statements. In the Group, the overall operational responsibility to hedge positions and for hedge accounting lies within Group Treasury.

According to IAS 39 there are in general three forms of hedge accounting:

- cash flow hedge accounting
- fair value hedge accounting
- hedges of net investments

In the Group, fair value hedge accounting is applied for all hedges apart from hedges of net investments, meaning that both the hedging instrument and the hedged item are measured at fair value, with changes in fair values recognised directly in the income statement. The reason why Nordea has chosen to apply fair value hedge accounting is that cash flow hedge accounting could cause volatility in equity. Looking forward there could be situations when Nordea starts to apply cash flow hedge accounting as a complement.

Fair value hedge accounting

Fair value hedge accounting is used for derivatives that serves to hedge changes in fair value of a recognised asset or liability attributable to a specific risk. The risk of changes in fair value of assets and liabilities in Nordea's financial statements originates mainly from loans, securities and deposits with a fixed interest rate, causing interest rate risk. Changes in fair value from derivatives as well as changes in fair value of the hedged item will be recognised separately in the income statement under the line item "Net gains/losses on items at fair value". Given an effective hedge, the two changes in fair value will more or less balance, meaning the net result will be zero.

Fair value hedge accounting in Nordea is performed mainly on a portfolio basis. The effectiveness of the hedging relationships is consequently measured and evaluated so that any ineffectiveness is affecting the income statement under the item "Net gains/losses on items at fair value".

Hedging instruments

The hedging instruments used in Nordea are predominantly interest rate swaps. Currency interest rate swaps and cash instruments are only utilised in a few transactions. Cash instruments are only used as hedging instruments when hedging currency risk.

Hedged items

According to IAS 39 a hedged item can be a single asset or liability as well as a group of assets or liabilities with similar risk characteristics. Hedged items in Nordea consist of both individual assets or liabilities and portfolios of assets or liabilities.

Hedge effectiveness

In order to apply hedge accounting it is required that the hedge is highly effective. A hedge is normally regarded as highly effective if at inception and throughout the life of the hedge it can be expected that changes in fair value of the hedged item can be fully offset by changes in fair value of the hedging instrument. The result should be within a range of 80-125%.

When assessing hedge effectiveness retrospectively Nordea measures the fair value of the hedging instruments and compares the change in fair value of the hedging instrument to the change in fair value of the hedged item. The effectiveness measurement is made on a cumulative basis.

If the relationship does not fulfil the requirement, hedge accounting will be terminated and the unrealised value of the derivatives will be accounted for in the income statement as before but the valuation of the hedged item will change to be measured at amortised cost.

Interest income and interest expenses

Interest income and interest expenses are calculated based on the effective interest rate or, if considered appropriate, based on a method that results in an interest income or interest expense that is a reasonable approximation of using the effective interest rate method as basis for the calculation.

Interest income and interest expenses related to the trading activities in Markets are recognised in the income statement in the item “Net gains/losses on items at fair value”.

Financial fees

The accounting for fees received depends on the purposes for which the fees are collected.

Fees received when entering into loan agreements are amortised over the expected lifetime of the loans as part of the measurement.

Fees earned when services are provided, are classified as “Fee and commission income” and are recorded as revenue over the relevant period.
A loan syndication fee received as payment for arranging a loan as well as other fees received as payments for certain acts are recognised as revenue when the act is completed.

Determination of fair value of financial instruments

Fair value is defined by IAS 32 and IAS 39 as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

The existence of published price quotations in an active market is the best evidence of fair value and when they exist they are used to measure financial assets and financial liabilities. Nordea is predominantly using published price quotations to establish fair value for items disclosed under the following balance sheet items:

- Interest-bearing securities
- Shares
- Derivatives (listed derivatives)
- Debt securities in issue (issued mortgage bonds in Nordea Kredit Realkreditaktieselskab)

If quoted prices for a financial instrument fail to represent actual and regularly occurring market transactions or if quoted prices are not available, fair value is established by using an appropriate valuation technique. Valuation techniques can range from simple discounted cash flow analysis to complex option pricing models. Valuation models are designed to apply observable market prices and rates as input whenever possible, but can also make use of unobservable model parameters. Nordea is predominantly using valuation techniques to establish fair value for items disclosed under the following balance sheet items:

- Interest-bearing securities (when quoted prices in an active market are not available)
- Shares (when quoted prices in an active market are not available)
- Derivatives (OTC-derivatives)

Fair value is calculated as the theoretical net present value of the individual contracts, based on independently sourced market parameters and assuming no risks and uncertainties. This calculation is supplemented by a portfolio adjustment. The portfolio adjustment covers uncertainties associated with the valuation techniques, model assumptions and unobservable parameters as well as the portfolio’s counter party credit risk and liquidity risk.

For financial instruments, where fair value is estimated by a valuation technique, it is investigated whether the variables used in the valuation model are fully based on data from observable markets. By data from observable markets, Nordea consider data that can be collected from generally available external sources and where this data is judged to represent realistic market prices. If non-observable data is used, the instrument cannot be recognised initially at the fair value estimated by the valuation technique and any upfront gains are thereby deferred and amortised through the income statement over the contractual life of the contract.

Nordea has chosen to apply the requirements in IAS 39 regarding upfront gains during previous periods prospectively for transactions entered into from 1 January 2004.

The valuation models applied by Nordea are consistent with accepted economic methodologies for pricing financial instruments, and incorporate the factors that market participants consider when setting a price.
Each new valuation model is subject to approval by Group Credit and Risk Control and all models are reviewed on a regular basis.

Cash and cash equivalents

Cash and cash equivalents consist of cash and balances with central banks where the following conditions are fulfilled;

- The central bank is domiciled in a country where Nordea is operating under a banking licence.
- The balance is readily available at any time.

Loans and receivables to credit institutions payable on demand are also defined as Cash and cash equivalents in the cash flow statement.

Financial instruments

Classification of financial instruments

Each financial instrument within the scope of IAS 39 has been classified into one of the following categories:

Financial assets
- Financial assets at fair value through profit or loss
  - Held for trading
  - Financial assets designated as measured at fair value through profit or loss
- Loans and receivables
- Held to maturity investments
- Available for sale financial assets

Financial liabilities
- Financial liabilities at fair value through profit or loss
  - Held for trading
  - Financial liabilities designated as measured at fair value through profit or loss
- Other financial liabilities

The classification of financial instruments into different categories forms the basis for how each instrument is measured in the balance sheet and how changes in its value is recognised. In note 41 the classification of the financial instruments in the Nordea Group's balance sheet is presented.

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss are measured at fair value. All changes in fair values are recognised directly in the income statement in the item "Net gains/losses on items at fair value".

The category consists of two sub-categories; Held for trading and Financial assets/financial liabilities designated as measured at fair value through profit or loss.

The sub-category Held for trading mainly contains derivative instruments that are held for trading purposes, interest-bearing securities and shares within Markets and Treasury. It also contains trading liabilities such as short-selling positions.

The major parts of the sub-categories financial assets/financial liabilities designated as measured at fair value through profit or loss are mortgage loans and related issued bonds in the subsidiary Nordea Kredit Realkreditaktieselskab.

Loans and receivables

Loans and receivables are non-derivative financial assets not quoted in an active market. These assets and their impairment are further described in a separate section "Loans and receivables".

Held to maturity investments

Held-to-maturity investments are initially recognised in the balance sheet at the acquisition price. Subsequent to initial recognition, the instruments within this category are measured at amortised cost.

Nordea Bank Danmark has not used this category due to the restrictions regarding disposals of instruments that once have been classified into the category.

Available for sale financial assets

Available for sale financial assets are measured at fair value. Changes in fair values, except for interest, foreign exchange effects and impairment losses, are recognised directly in the revaluation reserves in equity. Interest is recognised as interest income in the income statement. Foreign exchange effects and impairment losses from Available for sale financial assets are recognised in the income statement in the item "Net gains/losses on items at fair value".

When an Available for sale financial assets is disposed of, the accumulated fair value changes that previously have been recognised in equity are removed from equity and recognised in the income statement in the item "Net gains/losses on items at fair value".

This category is used only to a very limited extent in Nordea.

Other financial liabilities

Financial liabilities, other than those classified as Financial liabilities at fair value through profit or loss, are measured at amortised cost. Interests from Other financial liabilities are recognised in the item "Interest expenses" in the income statement.

Hybrid (combined) financial instruments

Hybrid (combined) financial instruments are contracts containing a host contract and an embedded derivative instrument. Such combinations arise predominantly from the issuance of structured debt instruments, such as issued index-linked bonds.

Index-linked bonds issued by Treasury are considered to be part of the funding activities. The embedded derivatives in those instruments are separated from the host contract and accounted for as a stand-alone derivative at fair value, if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, and the embedded derivative actually meets the definition of a derivative instrument. Changes in fair values are recognised in the income statement in the item "Net gains/losses on items at fair value".

Index-linked bonds issued by Markets as part of the trading portfolio are classified as Held for trading, and the entire combined instrument, host contract together with the embedded derivative, is measured at fair value through profit and loss. Changes in fair values are recognised in the income statement in the item "Net gains/losses on items at fair value".

Securities borrowing and lending agreements

Generally, securities borrowing and securities lending transactions are entered into on a collateralised basis. Unless the risks and rewards of ownership are transferred, the transfer of securities is not reflected on the balance sheet.

Cash collateral advanced to the counterparts are recognised on the balance sheet as Loans and receivables to credit institutions and central banks or as Loans and receivables to the public. Cash collateral received from the counterparts are recognised on the balance sheet as Deposits by credit institutions or as Deposits and borrowing from the public.

Repurchase and reverse repurchase agreements

Securities delivered under repurchase agreements and securities received under reverse repurchase agreements are not derecognised from or recognised on the balance sheet.

Cash received under repurchase agreements are recognised on the balance sheet as Deposits by credit institutions or as Deposits and borrowings from the public. Cash delivered under reverse repurchase agreements are recognised on the balance sheet as Loans and receivables to credit institutions and central banks or as Loans and receivables to the public.

Derivatives

All derivatives are recognised on the balance sheet and measured at fair value. Derivatives with total positive fair values, including any accrued interest, are recognised as assets in the item "Derivatives". Derivatives with total negative fair values, including any accrued interest, are recognised as liabilities in the item "Derivatives".

Realised and unrealised gains and losses from derivatives are recognised in the income statement in the item "Net gains/losses on items at fair value".

Financial guarantee contracts

Based on the amended IAS 39 in 2005, financial guarantee contracts are financial instruments measured at the higher of either the amortised guarantee fee, or a provision calculated as the discounted best estimate of the expenditure required to settle the present obligation. Provisions and changes in provisions are classified as impairment losses in the income statement.

Loans and receivables

Loans and receivables not measured at fair value are measured at amortised cost.

Impairment

Nordea monitors loans and receivables as described in the separate section on Risk management and Basel II. Through this process loans attached to individual customers or group of customers are identified as impaired if there is objective evidence of impairment and an impairment test indicates a loss.

Impairment test for loans attached to individual customers

Regarding individual customers an impairment test process is performed. The purpose of this test is to assess the value of the loans attributed to the customer. This assessment is to estimate the most probable future cash flow from the customer as a basis for Net Present Value (NPV) calculation using the effective interest rate. Collaterals given to mitigate the credit risk are assessed by the nature of the collateral. If the value of the loans is less than book value the loans are impaired and the difference to book value represents the impairment cost.

Impairment test for loans attached to groups of customers

Through the monitoring process Nordea identifies different kinds of groups of customers, which have been affected by one or more events. Loans in such groups attached to individual customers have not been found to be individually impaired. Each group is formed by certain common risk characteristics typical for the individual customers in the group. The event or events that have occurred have incurred impairment of the loans in the group although they have not been individually identified. The methods used to assess the recovery value of the loans in a group differ due to the composition of the group and the information available.

Groups of loans are divided into two subcategories, i.e. groups where the single loan is significant and groups where the single loan is not significant.

Impairment loss

The difference between the book value (amortised cost) of a loan and its assessed value is the impairment loss. Where the impairment is not regarded as final the impairment loss is booked to an allowance account representing the accumulated decrease in the value of the loan. A change in the value will be reported as a change of the reserve.

Impairment losses regarded as final are reported as realised loan losses.

Discount rate

The discount rate used is the estimated current effective interest rate for the loans attached to an individual customer and, if applicable, on groups of loans.

Restructured loans

In this context a restructured loan is defined as a loan where the creditor has granted concessions to the obligor due to its deteriorated financial situation and where this concession has resulted in an impairment loss for the creditor. After a reconstruction the loan is normally regarded as not impaired under new conditions. Concessions made in a reconstruction are regarded as a final loss. If the creditor retains a possibility to regain the impairment loss incurred then this is reported as a recovery of realised loan losses.

Assets taken over for protection of claims

In a financial reconstruction the creditor may concede loans to the obligor and in exchange for this concession acquire an asset pledged for the conceded loans or shares issued by the obligor or other assets.

The asset acquired is assessed at the lower of cost or fair value. Changes in the value of the acquired asset will be reported as a final impairment loss or as a recovery of a final impairment loss, in the latter case as long as the value does not exceed the concession cost originally incurred.

Leasing

Nordea as lessor

Finance leases

The Group's leasing operations mainly comprise finance leases. Finance leases are reported as receivable from the lessee in the balance sheet item "Loans and receivables to the public" at an amount equal to the net investment in the lease. The lease payment, excluding cost of services, is recorded as repayment of principal and interest income. The income allocation is based on a pattern reflecting a constant periodic return on the net investment outstanding in respect of the finance lease.

Operating leases

Assets subject to operating leases are in the balance sheet reported in accordance with the nature of the assets, in general as tangible assets. Leasing income is recognised as income on a straight-line basis over the lease term. The lease income from operating leases is booked as interest income. The depreciation of the leased assets is calculated on the basis of Nordea's depreciation policy for similar assets and reported as depreciation of tangible assets in the income statement.

Nordea as lessee

Finance leases

In the consolidated accounts finance leases are recognised as assets and liabilities in the balance sheet at the amount equal to the fair value of the leased assets at the inception of the lease. The assets are reported in accordance with the nature of the assets. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. A finance lease also gives rise to a depreciation expense for the leased asset. The depreciation policy is consistent with that of the assets in own use. Impairment of leased assets is done following the same principles as the ones for similar assets.

Operating leases

For operating leases the lease payments are recognised as expenses in the income statement on a straight-line basis over the lease term unless another systematic way better reflect the time pattern of the user's benefit. The lease terms range between 3 to 25 years.

Operating leasing is mainly related to office premises contracts and office equipment contracts normal to the business.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of net identifiable assets of the acquired group undertaking/associated undertaking at the date of acquisition. Goodwill on acquisition of group undertakings is included in "Intangible assets". Goodwill on acquisitions of associates is included in "Investments in associated undertakings". Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Computer software

Costs associated with maintaining computer software programs are recognised as expenses as incurred. Costs directly associated with major software development investments, with a useful life over three years and that will generate economic benefits, are recognised as intangible assets. These costs include software development employee costs and an appropriate portion of relevant overheads.

Depreciation is calculated on a straight-line basis over a period of 3 to 5 years.

Other intangible assets

Expenditure on acquired patents, trademarks and licenses is capitalised and amortised using the straight-line method over their useful lives, generally 5 years.

Impairment

Goodwill and other intangible assets with an indefinable useful life are tested for impairment yearly irrespective of any indications of impairment. This has been done in previous years as well as of 1 January 2004, when starting to apply the IFRS rules.

At each balance sheet date, all other intangible assets with definite useful life are reviewed for indications of impairment. If such indications exist for these and irrespective of any indications regarding goodwill, an analysis is performed to assess whether the carrying amount of the intangible asset is fully recoverable. The recoverable amount is the higher of the net selling price and the value in use.

The value in use is the present value of the cash flows expected to be realised from the asset. The cash flow is assessed based on the asset in its current condition and discounted at a discount rate determined as the cost of equity, estimated according to standard capital asset pricing.

If the recoverable amount is less than the book value, the value is written down as required.

Tangible assets

Tangible assets are reported at their acquisition value less any accumulated depreciation according to plan and any accumulated impairment losses. The cost of an item of plant or equipment comprises its purchase price, as well as any directly attributable costs of bringing the asset to the working condition for its intended use.

Depreciation is calculated on a straight-line basis as follows:

Buildings	30-75 years
Equipment	3-5 years

Tangibles assets are regularly tested for impairment and written down if necessary.

Investment property

Investment properties are primarily properties held to earn rentals and capital appreciation. Investment properties are measured at fair value. The best evidence of a fair value is normally given by current prices on an active market for similar property in the same location and condition. In the absence of current prices on an active market, discounted cash flow projections based on reliable estimates of future cash flows are used.
Net rental income is reported in the item “Other operating income”. Gains and losses as well as fair value adjustments are recognised directly in the income statement as “Net gains/losses on items at fair value”.

Dividends

Dividends to the shareholders of Nordea Bank Danmark A/S are recorded as a liability following the approval by the Annual General Meeting.

Dividends received by Markets and Treasury are recognised in the income statement as “Net gains/losses on items at fair value”.

Equity

Core equity

Core equity is the equity attributable to the shareholders of Nordea Bank Danmark A/S and excludes minority interests and below mentioned other reserves, comprising of revaluation reserves and translation differences.

Share premium account

The share premium account covers funds related to the issue of equity capital in the parent company, exceeding the nominal value of the shares and capital gains on sale of own shares.

Other reserves

Other reserves comprise income and expenses, net after tax effects that are reported in equity in accordance with IFRS. These reserves include revaluation reserves in accordance with IAS 39 as well as translation differences in accordance with IAS 21.

Retained earnings

Retained earnings include undistributed profits from previous years.

Pensions

Pension plans

Nordea Bank Danmark has defined benefit plans as well as defined contributions plans.

The major defined benefit plans are funded schemes covered by assets in pension funds/foundations. If the fair value of plan assets, associated with a specific pension plan, is smaller than the gross present value of the defined benefit obligation (considering also some adjustments in accordance with IAS 19), the net amount is recognised as a liability (retirement benefit obligation). If not, the net amount is recognised as an asset (retirement benefit asset).

Non-funded pension plans are recognised as retirement benefit obligations.

Most pensions in Nordea Bank Danmark, are based on defined contribution plans that hold no pension liability for the Group. Nordea also contributes to public pension systems.

Pension costs

The pension calculations are carried out per pension plan in accordance with IAS 19.

Contributions to defined contribution plans are expensed when employees have rendered services in exchange for such contributions. When it comes to defined benefit plans, actuarial calculations are applied to assess the present value of defined benefit obligations and related costs. When the net cumulative unrecognised actuarial gain or loss exceeds a "corridor", equal to 10 percent of the greater of either the present value of the defined benefit obligation or the fair value of the plan assets, the surplus amount is recognised in the income statement over 10 years or shorter if the expected average remaining employment period is below 10 years.

Taxes

Income tax includes current tax and deferred tax. These shall be recognised as income or expense and included in the income statement as income tax expense, except current and deferred tax arisen from transactions that are recognised directly in equity.

Current tax is based on the taxable income of the Group undertakings and calculated using local rules and tax rates.

Taxes on reserves for impaired loans and receivables are included in the income tax expense.

Deferred tax assets and liabilities are recognised, using the balance sheet method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Furthermore, deferred tax assets are recognised for the carry-forward of unused tax losses and unused tax credits. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax liabilities are calculated on untaxed reserves and other temporary differences. Deferred tax assets and liabilities are measured at the currently enacted tax rates. Deferred tax assets and liabilities are offset when the legal right to offset exist.

Equity participation plans

Nordea is not providing any equity participation plans for management or employees.

Parent

Associated and group undertakings

In the financial statements for Nordea Bank Danmark A/S investments in subsidiaries and associates are measured at cost and dividends are recognised in the banks profit when approved by the Annual General Meeting.

Segment reporting

Primary segments

Nordea Bank Danmark's operations are organised into two business areas. The business areas are Retail Banking and Corporate and Institutional Banking. The business areas operate as profit centres. Furthermore Group Treasury conducts the Group's financial management operations.

Within Nordea, customer responsibility is fundamental. The Group's total business relations with customers are reported in the customer responsible unit's income statement and balance sheet.

Economic capital

Capital allocation is based on the internal framework for calculating economic capital, which reflects each business unit's actual risk exposure considering credit and market risk as well as operational and business risk. This framework optimises utilisation and distribution of capital between the different business areas. Standard tax is applied when calculating risk adjusted return on economic capital.

Economic capital is allocated to business areas according to risks taken. As a part of net interest income business units receive a capital benefit rate corresponding to the expected average medium-term risk-free return. The cost above Libor from issued subordinated debt is also included in the business areas net interest income based on the respective use of economic capital.

Economic profit constitutes the internal basis for evaluating strategic alternatives as well as for the evaluation of financial performance.

Allocation principles

Cost is allocated based on calculated unit prices and the individual business areas' consumption. Income is allocated with the underlying business transactions as driver combined with the identification of the customer responsible unit.

The assets allocated to the business areas include trading assets, loans and receivables to the public as well as to credit institutions. The liabilities allocated include deposits from the public as well as by credit institutions.
Included in business areas' assets and liabilities are also other assets and liabilities directly related to the specific business area or group function, such as accrued interest, fixed assets and goodwill. All other

assets and liabilities are placed in the Group Functions and Eliminations.

Goodwill is allocated to business areas in accordance with the principle of the cash-generating unit. Goodwill generated as part of a business area's strategic decision is fully allocated to this unit. Goodwill impairment tests are conducted in each business area considering allocated goodwill and equity (based on share of Economic Capital). Business areas also carry the funding costs for goodwill.

Transfer pricing

Funds transfer pricing is based on current market interest rate and applied to all assets and liabilities allocated to or booked in the business areas or group functions.

Group internal transactions between legal entities are performed according to arm's length principles in conformity with OECD requirements on transfer pricing. The financial result of such transactions is reported in the relevant business area based on assigned product and customer responsibilities. However, the total result related to investment funds is included in Retail Banking, as well as well as sales commissions and margins from the life insurance business.

Group functions and Eliminations

Group Functions and Eliminations include the unallocated results of the four group functions: Group Processing and Technology, Group Corporate Centre (excluding Group Treasury), Group Credit and Risk Control and Group Legal and Compliance.

Expenses in Group functions, not defined as services to business areas, and profits from associated undertakings that are not included in the customer responsible units are reported under this heading.

See further note 2 Segment reporting.

Related party transactions

Related parties are defined as:
- Shareholders with significant influence
- Group undertakings and other group companies
- Associated undertakings
- Key management personnel
- Other related parties

Shareholders with significant influence

Shareholders with significant influence are defined as shareholders holding 20 per cent or more of outstanding shares, or shareholders that by other means has a significant influence.

Group undertakings and other group companies

For the definition of Group undertakings see section "Principles of consolidation".

Other group companies consist of Nordea Bank AB and subsidiaries which are not a part of the Nordea Bank Danmark Group.

Group internal transactions between legal entities are performed according to arm's length principles in conformity with OECD requirements on transfer pricing.

Associated undertakings

For the definition of Associated undertakings see section "Principles of consolidation".

Key management personnel

Key management personnel include the following positions:
- The Board of Directors
- The Executive Management

Other related parties

Other related parties comprise companies significantly influenced by key management personnel in Nordea Group as well as close family members to these key management personnel and companies significantly influenced by them.

Exchange rates

EUR 1 = SEK	2005	2004
Income statement (average)	9.2874	9.1276
Balance sheet (at end of period)	9.3884	9.0153
EUR 1 = DKK		
Income statement (average)	7.4518	7.4385
Balance sheet (at end of period)	7.4599	7.4390
EUR 1 = NOK		
Income statement (average)	8.0106	8.3725
Balance sheet (at end of period)	7.9801	8.2484
EUR 1 = PLN		
Income statement (average)	4.0248	4.5297
Balance sheet (at end of period)	3.8524	4.0746

Note 2
Segment reporting

Group
Primary segment - Business segments 2005

DKKm	Retail Banking	Corporate and Institutional Banking	Group functions and eliminations[1]	Total
Customer responsible units				
Net interest income	6 361	455	443	7 259
Net fee and commission income	2 859	555	-320	3 094
Net gains/losses on items at fair value	500	454	-134	820
Profit from companies accounted for under the equity method	197	0	42	239
Other income	81	540	-13	608
Total income incl allocations	**9 998**	**2 004**	**18**	**12 020**
Staff costs	-2 640	-772	-1 060	-4 472
Other expenses	-2 377	-541	575	-2 343
Depreciation of tangible and intangible assets	-26	0	-85	-111
Expenses incl allocations	**-5 043**	**-1 313**	**-570**	**-6 926**
Loan losses	155	193	0	348
Operating profit	**5 110**	**884**	**-552**	**5 442**
Balance sheet, DKKbn				
Loans and receivables	336	90	130	556
Other assets	50	130	28	209
Total assets	**386**	**220**	**157**	**764**
Deposits	152	78	220	450
Other liabilities	221	140	-71	291
Total liabilities	373	218	149	740
Economic capital / equity	13	2	9	24
Total liabilities and allocated equity	**386**	**220**	**157**	**764**

[1]Including Group Treasury

Note 2: ***cont.***

Segment reporting

Group

Primary segment - Business segments 2004

DKKm	Retail Banking	Corporate and Institutional Banking	Group functions and eliminations[1]	Total
Customer responsible units				
Net interest income	6 031	485	510	7 026
Net fee and commission income	2 234	420	-142	2 513
Net gains/losses on items at fair value	363	843	-363	843
Profit from companies accounted for under the equity method	110	0	220	330
Other income	223	506	-57	673
Total income incl allocations	**8 961**	**2 254**	**169**	**11 384**
Staff costs	-2 655	-753	-943	-4 351
Other expenses	-2 307	-619	550	-2 376
Depreciation of tangible and intangible assets	-20	0	-179	-199
Expenses incl allocations	**-4 982**	**-1 372**	**-572**	**-6 926**
Loan losses	4	121	-1	124
Operating profit	**3 983**	**1 003**	**-403**	**4 583**
Balance sheet, DKKbn				
Loans and receivables	278	83	120	481
Other assets	32	116	19	167
Total assets	**310**	**199**	**139**	**648**
Deposits	136	70	194	400
Other liabilities	162	127	-63	226
Total liabilities	298	197	130	625
Economic capital / equity	12	2	9	23
Total liabilities and allocated equity	**310**	**199**	**139**	**648**

[1]Including Group Treasury

Secondary segment - Geographical segments

In accordance with prevailing rules, the secondary segment reporting shows Nordea's operations divided into the geographical areas where the Group operates. Nordea Bank Danmark A/S operates only to a minor extent outside the Nordic region, consequently, in accordance with IAS 14 no information is given regarding the secondary segment.

Note 3
Interest income and interest expense

DKKm	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Interest income				
Loans and receivables to credit institutions	2 756	3 018	2 857	3 043
Loans and receivables to the public	16 387	14 816	8 060	7 375
Interest-bearing securities	3 192	4 582	4 240	4 571
Other interest income	280	-637	-634	-1 416
Total interest income	**22 616**	**21 779**	**14 523**	**13 573**
Interest expense				
Deposits by credit institutions	-4 345	-3 873	-4 352	-4 116
Deposits and borrowings from the public	-3 890	-3 371	-4 382	-3 430
Debt securities in issue	-6 851	-7 264	-18	-80
Subordinated liabilities	-268	-226	-268	-226
Other interest expenses	-3	-19	15	-7
Total interest expense	**-15 357**	**-14 753**	**-9 006**	**-7 859**
Net interest income	**7 259**	**7 026**	**5 517**	**5 714**

Included in interest income is DKK 0m (DKK 0m) in respect of interest income accrued on impaired financial assets.

Average balance and interest rate

DKKm	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Assets				
Loans and receivables to credit institutions	134 071	143 282	136 107	139 477
Loans and receivables to the public	386 189	331 968	210 091	178 670
Interest-bearing securities	127 756	154 487	150 522	152 621
Liabilities				
Deposits by credit institutions	206 340	210 690	228 729	225 639
Deposits and borrowings from the public	226 364	198 982	226 916	199 738
Debt securities in issue	170 542	164 854	258	2 711
Average interest rates				
Loans and receivables to credit institutions %	2,1%	2,1%	2,1%	2,2%
Loans and receivables to the public %	4,2%	4,5%	3,8%	4,1%
Deposits by credit institutions %	2,1%	1,8%	1,9%	1,8%
Deposits and borrowings from the public %	1,7%	1,7%	1,9%	1,7%

Net interest income

DKKm	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Interest income	22 208	21 354	14 523	13 573
Net leasing income[1]	408	425	-	-
Interest expenses	-15 357	-14 753	-9 006	-7 859
Total	**7 259**	**7 026**	**5 517**	**5 714**

[1] Refers to finance leases where the Group is the lessor.

Note 4
Net fee and commission income

DKKm	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Fee and commission income				
Loans and receivables	636	502	409	362
Guarantees and documentary payments	272	266	647	577
Life insurance	73	74	73	74
Investment products / services	433	434	430	434
Deposits, payments and e-services	895	818	885	818
Brokerage	1 208	697	1 194	684
Other commission income	612	442	521	345
Total fee and commission income	**4 129**	**3 233**	**4 159**	**3 294**
Fee and commission expense				
Life insurance	-	-	-	-
Payments and e-services	-73	-95	-68	-91
Other commission expenses	-962	-625	-800	-491
Total fee and commission expenses	**-1 035**	**-720**	**-868**	**-582**
Net fee and commission income	**3 094**	**2 513**	**3 291**	**2 712**

Note 5
Net gains/losses on items at fair value

DKKm	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Shares/participations and other share-related instruments	834	517	1 037	512
Interest-bearing securities and other interest-related instruments	40	1 658	17	1 667
Other financial instruments	-123	-1 429	-100	-1 433
Investment properties	-8	-6	-	-
Foreign exchange gains/losses	77	104	75	102
Total	**820**	**843**	**1 029**	**847**

Note 6
Dividends

DKKm	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Shares	-	1	-	1
Investments in associated undertakings	1	1	63	278
Investments in group undertakings	5	3	232	208
Total	**6**	**5**	**295**	**487**

Note 7
Other operating income

DKKm	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Income from group undertakings	485	517	485	517
Other	117	151	32	75
Total	**602**	**668**	**517**	**592**

Note 8
Staff costs

DKKm	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Salaries and remuneration	-3 531	-3 447	-3 382	-3 311
Pension costs (specification below)	-370	-359	-355	-337
Social insurance contributions	-420	-395	-414	-389
Other post-employment benefits (Note 34)	-	-	-	-
Allocation to profit-sharing foundation	-96	-101	-92	-101
Other staff costs	-55	-49	-52	-45
Total	**-4 472**	**-4 351**	**-4 294**	**-4 183**

DKKm	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Pension costs:				
Defined benefits plans (note 34)	-28	-21	-28	-21
Actuarial pension costs (parent company only)	-	-	-	-
Defined contribution plans	-342	-338	-327	-316
Pension premiums (parent company only)	-	-	-	-
Total	**-370**	**-359**	**-355**	**-337**

Salaries and remuneration to the Board of Directors and the Executive Management

	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Salaries and remuneration to the Board of Directors and the Executive Management[1]				
The Executive Management	36	31	36	31
The Board of Directors	-	-	-	-
Total	36	31	36	31

[1] Of which pension DKK 13m (2004: DKK 9m) including former members of the Executive Management DKK 4m (2004: DKK 1m)

Note 9
Other expenses

DKKm	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Information technology	-732	-737	-693	-726
Marketing	-112	-114	-91	-106
Postage, telephone and office expenses	-294	-315	-284	-305
Rents, premises and real estate	-715	-701	-692	-677
Other [1]	-488	-509	-442	-469
Total	**-2 343**	**-2 376**	**-2 202**	**-2 284**
Of which operating lease expenses (Note 24)	-491	-479	-	-

[1] Including fees and remuneration to auditors distributed as follows.

Auditors' remuneration

DKKm	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Total remuneration of firms appointed at the Annual General Meeting to undertake the statutory audit	-6	-4	-5	-3
- Of which remuneration for non-audit services	-3	-1	-2	-1

The above amounts do not include expenses in respect of Nordea Bank Danmark's internal audit

Note 10

Depreciation, amortisation and impairment charges of tangible and intangible assets

Depreciation/amortisation

	Group		Parent company	
DKKm	2005	2004	2005	2004
Property and equipment (Note 23)				
Equipment	-76	-104	-51	-70
Buildings	-2	-2	-1	-1
Intangible assets (Note 22)				
Goodwill	-4	-10	-4	-10
Other intangible assets	-8	-16	-8	-16
Total	**-90**	**-132**	**-64**	**-97**
Full depreciation charge in the year of acquisition for machinery and equipment	-21	-67	-16	-62
Total	**-111**	**-199**	**-80**	**-159**

Impairment charges

	Group		Parent company	
DKKm	2005	2004	2005	2004
Property and equipment (Note 23)				
Equipment	-	-	-	-
Buildings	-	-	-	-
Intangible assets (Note 22)				
Goodwill	-	-	-	-
Other intangible assets	-	-	-	-
Total	**-**	**-**	**-**	**-**

Total depreciation, amortisation and impairment charges of tangible and intangible assets	**-111**	**-199**	**-80**	**-159**

Note 11
Loan losses

DKKm	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Loan losses divided by category				
Write-offs and provisions for loans and receivables	1 270	1 594	1 147	1 426
- Of which, credit institutions	19	25	19	25
- Of which, the public	1 251	1 569	1 128	1 401
- Of which, associated undertakings	-	-	-	-
- Of which, group undertakings	-	-	-	-
Reversals and recoveries for loans and receivables	-1 619	-1 718	-1 531	-1 584
- Of which, credit institutions	-6	-20	-6	-20
- Of which, the public	-1 613	-1 699	-1 525	-1 564
- Of which, associated undertakings	-	-	-	-
- Of which, group undertakings	-	-	-	-
Total	**-348**	**-124**	**-384**	**-158**
Specifications				
Specific provisions for individually assessed loans				
Realised loan losses during the year	661	1 111	601	1 041
Reversed amount of previous provisions made for realised loan losses during the year	-496	-931	-444	-867
This year’s provisions for probable loan losses	1 085	1 394	968	1 232
Recoveries of previous years' realised loan losses	-262	-199	-250	-189
Reversals of provisions for probable loan losses no longer required	-1 340	-1 230	-1 265	-1 105
This year’s costs for individually assessed loans, net	**-353**	**145**	**-389**	**112**
Provisions for groups of significant loans				
Allocation to reserve	-	-	-	-
Withdrawal from reserve	-	-239	-	-239
This year's change of provisions for groups of significant loans	**-**	**-239**	**-**	**-239**
Provisions for groups of not significant loans				
Realised loan losses during the year	-	-	-	-
Recoveries of previous years' realised loan losses	-	-	-	-
Allocation to reserve	-	-	-	-
Withdrawal from reserve	-	-	-	-
This year’s net costs of provisions for groups of not significant loans	**-**	**-**	**-**	**-**
Transfer risks				
Allocation to reserve for transfer risks	21	20	21	20
Withdrawal from reserve for transfer risks	-16	-51	-16	-51
This year's change of provisions for transfer risks	**5**	**-31**	**5**	**-31**
Contingent liabilities				
Net cost for redemption of guarantees and other contingent liabilities	-	-	-	-
The year’s net cost for redemption of guarantees and other contingent liabilities	**-**	**-**	**-**	**-**
Loan losses	**-348**	**-124**	**-384**	**-158**

Change in value of assets taken over for protection of claims

DKKm	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Realised change in value				
Property taken over	-	-	-	-
Other assets taken over	-	-	-	-
Total	-	-	-	-
Unrealised change in value				
Property taken over	-	-	-	-
Other assets taken over	-	-	-	-
Total	-	-	-	-
Total	**-**	**-**	**-**	**-**

Note 12
Income tax expense

DKKm	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Current tax[1]	-1 453	-1 467	-1 137	-1 301
Deferred tax[3]	-33	80	-15	9
Total[2]	**-1 486**	**-1 387**	**-1 152**	**-1 292**
Of which referring to associated undertakings	123	92	-	-
[1] Of which tax pertaining to prior years	-61	2	15	2

[2] The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate of Denmark as follows:

	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Profit before tax	5 442	4 583	4 458	3 883
Tax calculated at a tax rate of 28% (30%)	-1 524	-1 375	-1 248	-1 165
Effect of different tax rates in other countries	-	-	-	-
Tax charges not related to profit	-17	-26	-17	-26
Other direct taxes	-	-	-	-
Tax-exempt income	258	109	228	109
Non-deductible expenses	-189	-94	-113	-26
Adjustments relating to prior years	-61	2	15	2
Subsidiaries and Associates	-	-	-	-182
Change of tax rate	50	0	-13	0
Not creditable foreign taxes	-3	-4	-3	-4
Tax charge	**-1 486**	**-1 387**	**-1 152**	**-1 291**
Average effective tax rate	27%	30%	26%	33%

[3] **Deferred tax**

	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Deferred tax expense (-)/income (+)				
Deferred tax due to temporary differences	-83	80	-2	9
Deferred tax due to change of tax rate	50	0	-13	0
Income tax expense, net	**-33**	**80**	**-15**	**9**
Deferred tax assets				
Deferred tax assets due to temporary differences:				
- Deferred tax assets in retirement benefit obligations	-5	-10	-5	-10
- Deferred tax assets in provisions	-32	-31	-32	-31
- Tangible assets (machinery etc.)	-101	-128	-100	-128
- Intangible assets	-5	-19	-5	-18
- Loans (leasing)	-49	-	-49	-
- Other	-25	-31	-25	-31
Netting against tax liabilities	217	219	-	218
Total	**0**	**0**	**-217**	**0**
Deferred tax assets to be recovered within 12 months	-	-	-	-
Deferred tax assets to be recovered within more than 12 months	-217	-219	-217	-218
Total	**-217**	**-219**	**-217**	**-218**

Note 12: ***cont.***

Income tax expense

DKKm	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Deferred tax liabilities				
Deferred tax liabilities due to temporary differences:				
- Tangible assets (machinery etc.)	9	4	-	4
- Loans (leasing)	949	936	-	936
Netting against tax liabilities	-217	-219	-	-219
Total	**741**	**722**	**-**	**722**
Deferred tax liabilities to be recovered within 12 months	-	-	-	-
Deferred tax liabilities to be recovered within more than 12 months	949	936	-	936
Total	**949**	**936**	**-**	**936**
Deferred tax liabilities, net	**741**	**722**	**-217**	**722**

Movements in deferred tax liabilities, net are as follows:

DKKm	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Deferred tax relating to items that are charged or credited directly to equity	13	0	13	0
Change due to new tax rules[1]	-	-	940	-
Deferred tax in the income statement	-33	80	-15	9
At end of year	**-20**	**80**	**938**	**9**

[1]In 2005 all taxes earlier booked in the parent company was moved to the respective subsidiaries

Current and deferred tax recognised directly in equity

DKKm	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Deferred tax relating to changed accounting policies	13	0	953	0
Deferred tax relating to available-for-sale investments	-	-	-	-
Deferred tax relating to cash flow hedges	-	-	-	-
Deferred tax relating to revaluation of tangible assets	-	-	-	-
Current tax relating to group contribution	-	-	-	-
Total	**13**	**0**	**953**	**0**

Unrecognised deferred tax assets

DKKm	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Unused tax losses	-	-	-	-
Unused tax credits	-	-	-	-
Other deductible temporary differences	-	-	-	-
Total	**-**	**-**	**-**	**-**

Deferred income tax assets are recognised for tax loss carry forwards only to the extent that realisation of the related benefit is probable.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax income taxes related to the same fiscal authority.

Note 13

Commitments with the Board of Directors and the Executive Management

Loans to and charges or guarantees issued and related security established for the members of:	Group		Parent company	
DKKm	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
Loans etc				
The Executive Management	1	1	0	0
The Board of Directors	0	0	0	0
Security				
The Executive Management	0	0	0	0
The Board of Directors	-	-	-	-

Loans to members of the bank's Board of Directors and Executive Management consist of current accounts with overdraft facilities and mortgage loans with Nordea Kredit on usual customer terms, and at the end of 2005 interest on the loans was payable at the rate of 4.93% and 2.92% per year, respectively. Loans to related parties of members of the Board of Directors and Executive Management are granted on the same terms, and interest on the loans is payable at a rate of 3.75% per year.

Note 14
Loans and receivables to credit institutions

DKKm	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Financial non-current assets				
Central banks	50 974	48 189	46 674	25 724
Other banks	79 494	77 361	79 380	77 263
Other credit institutions	6 531	4 494	17 474	6 209
Total	**136 999**	**130 044**	**143 527**	**109 196**
Of which, group undertakings	-	-	15 438	5 304
Of which, associated undertakings	0	52	0	52
- subordinated	0	0	0	0
- other	0	52	0	52
Maturity information				
Remaining maturity (book value)				
Payable on demand	26 100	35 000	39 000	38 700
Maximum 3 months	108 300	89 600	101 900	65 000
3 months–1 year	1 700	4 700	1 700	4 700
1–5 years	600	400	600	400
More than 5 years	300	300	300	300
Total	**137 000**	**130 000**	**143 500**	**109 200**
Average remaining maturity, years	0,2	0,2	0,2	0,2

Note 15
Loans and receivables to the public [1]

DKKm	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Financial non-current assets				
Loans and receivables to the public	419 163	351 078	228 361	190 518
Total	**419 163**	**351 078**	**228 361**	**190 518**
Of which, group undertakings	-	-	13 594	13 415
Of which, associated undertakings	55	22	55	22
- subordinated	0	0	0	0
- other	55	22	55	22
Maturity information				
Remaining maturity (book value)				
Payable on demand	62 500	45 700	73 600	57 700
Maximum 3 months	68 500	60 000	68 500	58 600
3 months–1 year	7 500	11 500	5 200	8 900
1–5 years	39 500	45 800	28 300	27 500
More than 5 years	241 200	188 100	52 800	37 900
Total	**419 200**	**351 100**	**228 400**	**190 500**
Average remaining maturity, years	9,0	8,5	3,9	3,5

[1] Finance leases, where the Nordea Group is a lessor, are included in Loans and receivables to the public, see note 24 Leasing.

Note 16a
Loans and receivables and their impairment

DKKm	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Loans and receivables to credit institutions	136 999	130 044	143 527	109 196
Loans and receivables to the public[1]	419 163	351 078	228 361	190 518
Total	**556 162**	**481 122**	**371 888**	**299 714**

[1] Finance leases, where the Nordea Group is a lessor, are included in Loans and receivables to the public, see Note 24 Leasing.

Loans and receivables by categories of borrowers
Group

31 Dec 2005, DKKm	Credit institutions	Corporate	Households	Public sector	Total
Loans and receivables, not impaired[2]	136 999	234 653	178 070	5 822	555 545
Impaired loans and receivables	-	3 517	1 135	-	4 652
Loans and receivables before reserves	**136 999**	**238 170**	**179 205**	**5 822**	**560 197**
Specific reserves for individually assessed loans	-	-2 744	-622	-	-3 366
Reserves for groups of significant loans	-	-369	-100	-	-469
Reserves for groups of not significant loans	-	-	-200	-	-200
Reserves	**-**	**-3 113**	**-922**	**-**	**-4 035**
Loans and receivables, book value	**136 999**	**235 057**	**178 283**	**5 822**	**556 162**
Of which, associated undertakings	-	-	-	-	-
[2] Of which non-performing loans on which interest is taken as income	-	164	105	-	269
Specification of impaired loans and receivables					
Impaired loans and receivables before reserves	**-**	**3 517**	**1 135**	**-**	**4 652**
Of which non-performing		1 090	286		1 377
Of which performing		2 427	848		3 275
Reserves for impaired loans and receivables	**-**	**-3 113**	**-922**	**-**	**-4 035**
Of which non-performing	-	-686	-73	-	-759
Of which performing	-	-2 427	-848	-	-3 275
Book value of impaired loans and receivables	**-**	**404**	**213**	**-**	**617**
Of which non-performing	-	404	213	-	617
Of which performing	-	-	-	-	-

Ratios and key figures

Reserves/impaired loans and receivables before reserves, %	87
Impaired loans and receivables before reserves/ loans and receivables to the public before reserves, %	1,1

Note 16a: ***cont.*.**

Loans and receivables and their impairment

31 Dec 2004, DKKm	Credit Institutions	Corporate	Households	Public sector	Total
Loans and receivables, not impaired[2]	130 044	192 108	152 949	4 947	480 048
Impaired loans and receivables	-	5 164	1 196	-	6 360
Loans and receivables before reserves	**130 044**	**197 272**	**154 145**	**4 947**	**486 407**
Specific reserves for individually assessed loans	-	-3 368	-739	-	-4 107
Reserves for groups of significant loans	-	-958	-	-	-958
Reserves for groups of not significant loans	-	-	-220	-	-220
Reserves	**-**	**-4 326**	**-959**	**-**	**-5 285**
Loans and receivables, book value	**130 044**	**192 946**	**153 185**	**4 947**	**481 122**
Of which, associated undertakings	-	-	-	-	-
[2] Of which non-performing loans on which interest is taken as income	-	192	94	-	286
Specification of impaired loans and receivables					
Impaired loans and receivables before reserves	**-**	**5 164**	**1 196**	**-**	**6 360**
Of which non-performing	-	1 901	615	-	2 516
Of which performing	-	3 263	581	-	3 843
Reserves for impaired loans and receivables	**-**	**-4 326**	**-959**	**-**	**-5 285**
Of which non-performing	-	-1 063	-379	-	-1 442
Of which performing	-	-3 263	-581	-	-3 843
Book value of impaired loans and receivables	**-**	**838**	**236**	**-**	**1 074**
Of which non-performing	-	838	236	-	1 074
Of which performing	-	-	-	-	-

Ratios and key figures

Reserves/impaired loans and receivables before reserves, %	83
Impaired loans and receivables before reserves/ loans and receivables to the public before reserves, %	1,8

Note 16a: ***cont.***

Loans and receivables and their impairment

Parent company

31 Dec 2005, DKKm	Credit Institutions	Corporate	Households	Public sector	Total
Loans and receivables, not impaired[2]	143 527	176 988	45 752	5 036	371 304
Impaired loans and receivables	-	3 343	1 099	-	4 443
Loans and receivables before reserves	**143 527**	**180 331**	**46 852**	**5 036**	**375 746**
Specific reserves for individually assessed loans	-	-2 589	-601	-	-3 190
Reserves for groups of significant loans	-	-369	-100	-	-469
Reserves for groups of not significant loans	-	-	-200	-	-200
Reserves	**-**	**-2 958**	**-901**	**-**	**-3 859**
Loans and receivables, book value	**143 527**	**177 374**	**45 951**	**5 036**	**371 888**
Of which, associated undertakings	-	-	-	-	-
[2] Of which non-performing loans on which interest is taken as income	-	158	105	-	263
Specification of impaired loans and receivables					
Impaired loans and receivables before reserves	**-**	**3 343**	**1 099**	**-**	**4 443**
Of which non-performing	-	917	251	-	1 168
Of which performing	-	2 427	848	-	3 275
Reserves for impaired loans and receivables	**-**	**-2 958**	**-901**	**-**	**-3 859**
Of which non-performing	-	-531	-53	-	-584
Of which performing	-	-2 427	-848	-	-3 275
Book value of impaired loans and receivables	**-**	**386**	**198**	**-**	**584**
Of which non-performing	-	386	198	-	584
Of which performing	-	-	-	-	-

Ratios and key figures

Reserves/impaired loans and receivables before reserves, %	87
Impaired loans and receivables before reserves/ loans and receivables to the public before reserves, %	1,9

Note 16a: ***cont.***

Loans and receivables and their impairment

31 Dec 2004, DKKm	Credit Institutions	Corporate	Households	Public sector	Total
Loans and receivables, not impaired[2]	109 196	146 397	38 974	4 150	298 717
Impaired loans and receivables	-	5 094	1 002	-	6 095
Loans and receivables before reserves	**109 196**	**151 491**	**39 976**	**4 150**	**304 813**
Specific reserves for individually assessed loans	-	-3 324	-596	-	-3 920
Reserves for groups of significant loans	-	-958	-	-	-958
Reserves for groups of not significant loans	-	-	-220	-	-220
Reserves	**-**	**-4 283**	**-816**	**-**	**-5 099**
Loans and receivables, book value	**109 196**	**147 208**	**39 160**	**4 150**	**299 714**
Of which, associated undertakings	-	-	-	-	-
[2] Of which non-performing loans on which interest is taken as income	-	185	95	-	280
Specification of impaired loans and receivables					
Impaired loans and receivables before reserves	**-**	**5 094**	**1 002**	**-**	**6 095**
Of which non-performing	-	1 834	438	-	2 272
Of which performing	-	3 260	564	-	3 824
Reserves for impaired loans and receivables	**-**	**-4 283**	**-816**	**-**	**-5 099**
Of which non-performing	-	-1 023	-252	-	-1 275
Of which performing	-	-3 260	-564	-	-3 824
Book value of impaired loans and receivables	**-**	**811**	**185**	**-**	**996**
Of which non-performing	-	811	185	-	996
Of which performing	-	-	-	-	-

Ratios and key figures

Reserves/impaired loans and receivables before reserves, %	84
Impaired loans and receivables before reserves/ loans and receivables to the public before reserves, %	3,1

Note 16b

Corporate loans by industry

Corporate loans by industry

Group 31 Dec 2005, DKKm	Real estate manage-ment	Construc-tion	Agricult-ure and fishing	Trans-port	Shipping	Trade and service	Manufac-turing	Financial opera-tions	Renting, consulting, and other company services	Other	Total
Loans and receivables, not impaired[2]	19 735	8 541	28 537	6 046	8 353	25 827	27 727	67 566	28 475	13 847	234 653
Impaired loans and receivables	92	171	708	167	6	705	620	61	631	358	3 517
Loans and receivables before reserves	**19 826**	**8 712**	**29 244**	**6 212**	**8 358**	**26 532**	**28 347**	**67 626**	**29 106**	**14 205**	**238 170**
Specific reserves for individually assessed loans	-67	-155	-351	-157	-7	-568	-572	-62	-549	-256	-2 744
Reserves for groups of significant loans	-	-	-300	-	-	-	-	-	-	-69	-369
Reserves for groups of not significant loans	-	-	-	-	-	-	-	-	-	-	-
Reserves	**-67**	**-155**	**-651**	**-157**	**-7**	**-568**	**-572**	**-62**	**-549**	**-325**	**-3 113**
Loans and receivables, book value	**19 760**	**8 557**	**28 593**	**6 056**	**8 351**	**25 964**	**27 775**	**67 565**	**28 557**	**13 880**	**235 057**
[2] Of which non-performing loans on which interest is taken as income	-	-	-	-	-	-	-	-	-	-	-
Specification of impaired loans and receivables											
Impaired loans and receivables before reserves	**92**	**171**	**708**	**167**	**6**	**705**	**620**	**61**	**631**	**358**	**3 517**
Of which non-performing	54	25	67	16	4	225	115	1	369	213	1 090
Of which performing	37	146	640	151	2	480	504	59	262	145	2 427
Reserves for impaired loans and receivables	**-67**	**-155**	**-651**	**-157**	**-7**	**-568**	**-572**	**-62**	**-549**	**-325**	**-3 113**
Of which non-performing	-29	-10	-11	-5	-6	-89	-67	-2	-287	-180	-686
Of which performing	-37	-146	-640	-151	-2	-480	-504	-59	-262	-145	-2 427
Book value of impaired loans and receivables	**25**	**15**	**57**	**10**	**-2**	**137**	**48**	**-1**	**82**	**33**	**404**
Of which non-performing	25	15	57	10	-2	137	48	-1	82	33	404
Of which performing	-	-	-	-	-	-	-	-	-	-	-

Note 16b: ***cont.***

Corporate loans by industry

31 Dec 2004, DKKm	Real estate manage-ment	Construc-tion	Agricult-ure and fishing	Trans-port	Shipping	Trade and service	Manufac-turing	Financial opera-tions	Renting, consulting, and other company services	Other	Total
Loans and receivables, not impaired[2]	15 230	7 977	23 773	5 573	7 191	21 323	27 221	54 387	20 900	8 532	192 108
Impaired loans and receivables	151	176	476	418	95	957	586	26	1 007	1 273	5 164
Loans and receivables before reserves	**15 381**	**8 153**	**24 248**	**5 991**	**7 286**	**22 281**	**27 807**	**54 413**	**21 906**	**9 805**	**197 272**
Specific reserves for individually assessed loans	-82	-155	-408	-404	-67	-731	-491	-26	-741	-264	-3 368
Reserves for groups of significant loans	-	-	-	-	-	-	-	-	-	-958	-958
Reserves for groups of not significant loans	-	-	-	-	-	-	-	-	-	-	-
Reserves	**-82**	**-155**	**-408**	**-404**	**-67**	**-731**	**-491**	**-26**	**-741**	**-1 223**	**-4 326**
Loans and receivables, book value	**15 299**	**7 998**	**23 841**	**5 587**	**7 219**	**21 550**	**27 316**	**54 388**	**21 165**	**8 583**	**192 946**
[2] Of which non-performing loans on which interest is taken as income	-	-	-	-	-	-	-	-	-	-	-
Specification of impaired loans and receivables											
Impaired loans and receivables before reserves	**151**	**176**	**476**	**418**	**95**	**957**	**586**	**26**	**1 007**	**1 273**	**5 164**
Of which non-performing	109	36	80	86	90	369	120	16	745	251	1 901
Of which performing	43	140	396	331	4	588	466	10	262	1 022	3 263
Reserves for impaired loans and receivables	**-82**	**-155**	**-408**	**-404**	**-67**	**-731**	**-491**	**-26**	**-741**	**-1 223**	**-4 326**
Of which non-performing	-39	-15	-12	-72	-63	-143	-25	-15	-479	-200	-1 063
Of which performing	-43	-140	-396	-331	-4	-588	-466	-10	-262	-1 022	-3 263
Book value of impaired loans and receivables	**70**	**21**	**68**	**14**	**27**	**226**	**95**	**0**	**266**	**50**	**838**
Of which non-performing	70	21	68	14	27	226	95	0	266	50	838
Of which performing	-	-	-	-	-	-	-	-	-	-	-

Note 16b: ***cont.***

Corporate loans by industry

Parent company

31 Dec 2005, DKKm	Real estate manage-ment	Construc-tion	Agricult-ure and fishing	Trans-port	Shipping	Trade and service	Manufac-turing	Financial opera-tions	Renting, consulting, and other company services	Other	Total
Loans and receivables, not impaired[2]	8 758	5 140	7 362	2 954	5 960	17 225	22 215	80 403	19 695	7 276	176 988
Impaired loans and receivables	91	175	690	149	6	704	598	60	653	217	3 343
Loans and receivables before reserves	**8 849**	**5 315**	**8 053**	**3 102**	**5 966**	**17 928**	**22 813**	**80 463**	**20 349**	**7 493**	**180 331**
Specific reserves for individually assessed loans	-68	-156	-345	-140	-7	-567	-555	-61	-547	-142	-2 589
Reserves for groups of significant loans	-	-	-300	-	-	-	-	-	-	-69	-369
Reserves for groups of not significant loans	-	-	-	-	-	-	-	-	-	-	-
Reserves	**-68**	**-156**	**-645**	**-140**	**-7**	**-567**	**-555**	**-61**	**-547**	**-211**	**-2 958**
Loans and receivables, book value	**8 781**	**5 159**	**7 408**	**2 962**	**5 959**	**17 361**	**22 259**	**80 402**	**19 801**	**7 283**	**177 374**
[2] Of which non-performing loans on which interest is taken as income	-	-	-	-	-	-	-	-	-	-	-
Specification of impaired loans and receivables											
Impaired loans and receivables before reserves	**91**	**175**	**690**	**149**	**6**	**704**	**598**	**60**	**653**	**217**	**3 343**
Of which non-performing	52	29	56	14	4	229	111	1	403	16	917
Of which performing	39	146	634	134	2	475	487	59	250	201	2 427
Reserves for impaired loans and receivables	**-68**	**-156**	**-645**	**-140**	**-7**	**-567**	**-555**	**-61**	**-547**	**-211**	**-2 958**
Of which non-performing	-29	-10	-11	-6	-6	-92	-67	-2	-297	-10	-531
Of which performing	-39	-146	-634	-134	-2	-475	-487	-59	-250	-201	-2 427
Book value of impaired loans and receivables	**23**	**19**	**46**	**9**	**-2**	**137**	**44**	**-1**	**106**	**6**	**386**
Of which non-performing	23	19	46	9	-2	137	44	-1	106	6	386
Of which performing	-	-	-	-	-	-	-	-	-	-	-

Note 16b: ***cont.***

Corporate loans by industry

31 Dec 2004, DKKm	Real estate manage-ment	Construc-tion	Agricult-ure and fishing	Trans-port	Shipping	Trade and service	Manufac-turing	Financial opera-tions	Renting, consulting, and other company services	Other	Total
Loans and receivables, not impaired[2]	7 370	5 448	6 571	2 340	4 776	14 733	22 050	66 273	14 493	2 344	146 397
Impaired loans and receivables	141	179	455	397	95	923	541	25	1 080	1 258	5 094
Loans and receivables before reserves	**7 510**	**5 627**	**7 026**	**2 738**	**4 870**	**15 656**	**22 591**	**66 298**	**15 572**	**3 602**	**151 491**
Specific reserves for individually assessed loans	-84	-157	-403	-386	-67	-703	-474	-25	-764	-262	-3 324
Reserves for groups of significant loans	-	-	-	-	-	-	-	-	-	-958	-958
Reserves for groups of not significant loans	-	-	-	-	-	-	-	-	-	-	-
Reserves	**-84**	**-157**	**-403**	**-386**	**-67**	**-703**	**-474**	**-25**	**-764**	**-1 220**	**-4 283**
Loans and receivables, book value	**7 427**	**5 471**	**6 623**	**2 352**	**4 803**	**14 953**	**22 117**	**66 273**	**14 809**	**2 382**	**147 208**
[2] Of which non-performing loans on which interest is taken as income	-	-	-	-	-	-	-	-	-	-	-
Specification of impaired loans and receivables											
Impaired loans and receivables before reserves	**141**	**179**	**455**	**397**	**95**	**923**	**541**	**25**	**1 080**	**1 258**	**5 094**
Of which non-performing	96	40	64	85	90	363	92	16	805	184	1 834
Of which performing	45	139	391	312	4	560	449	10	275	1 074	3 260
Reserves for impaired loans and receivables	**-84**	**-157**	**-403**	**-386**	**-67**	**-703**	**-474**	**-25**	**-764**	**-1 220**	**-4 283**
Of which non-performing	-39	-18	-12	-74	-63	-143	-25	-15	-489	-146	-1 023
Of which performing	-45	-139	-391	-312	-4	-560	-449	-10	-275	-1 074	-3 260
Book value of impaired loans and receivables	**57**	**22**	**52**	**11**	**27**	**220**	**67**	**0**	**316**	**38**	**811**
Of which non-performing	57	22	52	11	27	220	67	0	316	38	811
Of which performing	-	-	-	-	-	-	-	-	-	-	-

Note 16c

Type of loans, book value

	Group		Parent company	
DKKm	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
Property loans	151 582	129 467	8 781	7 427
Credit card loans	5	5	3	5
Financial leases	-	-	-	-
Other	404 576	351 650	363 104	292 282
Total	**556 162**	**481 122**	**371 888**	**299 714**

Note 16d

Loans and receivables by geographic area

Group 31 Dec 2005, DKKm	Denmark	Finland	Norway	Sweden	Poland and the Baltic countries	EU countries other	USA	Latin America	Asia	Other OECD	Non-OECD other	Total
Loans and receivables, not impaired[2]	413 153	2 282	5 894	43 293	911	79 003	5 443	1 783	2 272	447	1 065	555 545
Impaired loans and receivables	4 552	0	3	9	5	39	27	0	13	2	1	4 652
Loans and receivables before reserves	**417 705**	**2 282**	**5 897**	**43 302**	**916**	**79 042**	**5 470**	**1 783**	**2 285**	**449**	**1 066**	**560 197**
Specific reserves for individually assessed loans	-3 266	-	-3	-9	-5	-39	-27	-0	-13	-2	-1	-3 366
Reserves for groups of significant loans	-469	-	-	-	-	-	-	-	-	-	-	-469
Reserves for groups of not significant loans	-200	-	-	-	-	-	-	-	-	-	-	-200
Reserves	**-3 935**	**0**	**-3**	**-9**	**-5**	**-39**	**-27**	**0**	**-13**	**-2**	**-1**	**-4 035**
Loans and receivables, book value	**413 770**	**2 282**	**5 894**	**43 293**	**911**	**79 003**	**5 443**	**1 783**	**2 272**	**447**	**1 065**	**556 162**
[2] Of which non-performing loans on which interest is taken as income	-	-	-	-	-	-	-	-	-	-	-	-
Of which loans to sovereigns or loans guaranteed by sovereigns	-	-	-	-	-	-	-	-	-	-	-	-
Specification of impaired loans and receivables												
Impaired loans and receivables before reserves	**4 552**	**0**	**3**	**9**	**5**	**39**	**27**	**0**	**13**	**2**	**1**	**4 652**
Of which non-performing	1 277	-	3	9	5	39	27	0	13	2	1	1 377
Of which performing	3 275	-	-	-	-	-	-	-	-	-	**-**	3 275
Reserves for impaired loans and receivables	**-3 935**	**0**	**-3**	**-9**	**-5**	**-39**	**-27**	**0**	**-13**	**-2**	**-1**	**-4 035**
Of which non-performing	-660	-	-3	-9	-5	-39	-27	-0	-13	-2	-1	-759
Of which performing	-3 275	-	-	-	-	-	-	-	-	-	-	-3 275
Book value of impaired loans and receivables	**617**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**617**
Of which non-performing	617	-	-	-	-	-	-	-	-	-	-	617
Of which performing	-	-	-	-	-	-	-	-	-	-	-	-

Note 16d: ***cont.***

Loans and receivables by geographic area

31 Dec 2004, DKKm	Denmark	Finland	Norway	Sweden	Poland and the Baltic countries	EU countries other	USA	Latin America	Asia	Other OECD	Non-OECD other	Total
Loans and receivables, not impaired[2]	362 213	3 300	4 375	29 984	832	69 902	1 931	3 685	1 861	415	1 551	480 048
Impaired loans and receivables	5 987	0	32	8	6	224	31	0	69	1	2	6 360
Loans and receivables before reserves	**368 200**	**3 300**	**4 407**	**29 992**	**838**	**70 126**	**1 962**	**3 685**	**1 930**	**415**	**1 553**	**486 407**
Specific reserves for individually assessed loans	-3 734	-0	-32	-8	-6	-224	-31	-0	-69	-1	-2	-4 107
Reserves for groups of significant loans	-958	-	-	-	-	-	-	-	-	-	-	-958
Reserves for groups of not significant loans	-220	-	-	-	-	-	-	-	-	-	-	-220
Reserves	**-4 913**	**-0**	**-32**	**-8**	**-6**	**-224**	**-31**	**-0**	**-69**	**-1**	**-2**	**-5 285**
Loans and receivables, book value	**363 287**	**3 300**	**4 375**	**29 984**	**832**	**69 902**	**1 931**	**3 685**	**1 861**	**415**	**1 551**	**481 122**
[2] Of which non-performing loans on which interest is taken as income	-	-	-	-	-	-	-	-	-	-	-	-
Of which loans to sovereigns or loans guaranteed by sovereigns	-	-	-	-	-	-	-	-	-	-	-	-

Specification of impaired loans and receivables

31 Dec 2004, DKKm	Denmark	Finland	Norway	Sweden	Poland and the Baltic countries	EU countries other	USA	Latin America	Asia	Other OECD	Non-OECD other	Total
Impaired loans and receivables before reserves	**5 987**	**0**	**32**	**8**	**6**	**224**	**31**	**0**	**69**	**1**	**2**	**6 360**
Of which non-performing	2 144	0	32	8	6	224	31	0	69	1	2	2 516
Of which performing	3 843	-	-	-	-	-	-	-	-	-	-	3 843
Reserves for impaired loans and receivables	**-4 913**	**-0**	**-32**	**-8**	**-6**	**-224**	**-31**	**-0**	**-69**	**-1**	**-2**	**-5 285**
Of which non-performing	-1 070	-0	-32	-8	-6	-224	-31	-0	-69	-1	-2	-1 442
Of which performing	-3 843	-	-	-	-	-	-	-	-	-	-	-3 843
Booked value of impaired loans and receivables	**1 074**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1 074**
Of which non-performing	1 074	-	-	-	-	-	-	-	-	-	-	1 074
Of which performing	-	-	-	-	-	-	-	-	-	-	-	-

Parent company

31 Dec 2005, DKKm	Denmark	Finland	Norway	Sweden	Poland and the Baltic countries	EU countries other	USA	Latin America	Asia	Other OECD	Non-OECD other	Total
Loans and receivables, not impaired[2]	236 115	2 126	4 938	42 544	884	75 624	5 129	1 234	1 817	339	554	371 304
Impaired loans and receivables	4 343	0	3	9	5	39	27	0	13	2	1	4 443
Loans and receivables before reserves	**240 458**	**2 126**	**4 940**	**42 553**	**889**	**75 663**	**5 156**	**1 234**	**1 830**	**342**	**555**	**375 746**
Specific reserves for individually assessed loans	-3 090	-	-3	-9	-5	-39	-27	-0	-13	-2	-1	-3 190
Reserves for groups of significant loans	-469	-	-	-	-	-	-	-	-	-	-	-469
Reserves for groups of not significant loans	-200	-	-	-	-	-	-	-	-	-	-	-200
Reserves	**-3 759**	**-**	**-3**	**-9**	**-5**	**-39**	**-27**	**-0**	**-13**	**-2**	**-1**	**-3 859**
Loans and receivables, book value	**236 699**	**2 126**	**4 938**	**42 544**	**884**	**75 624**	**5 129**	**1 234**	**1 817**	**339**	**554**	**371 888**
[2] Of which non-performing loans on which interest is taken as income	-	-	-	-	-	-	-	-	-	-	-	-
Of which loans to sovereigns or loans guaranteed by sovereigns	-	-	-	-	-	-	-	-	-	-	-	-

Note 16d: ***cont.***

Loans and receivables by geographic area

Parent company

31 Dec 2005, DKKm	Denmark	Finland	Norway	Sweden	Poland and the Baltic countries	EU countries other	USA	Latin America	Asia	Other OECD	Non-OECD other	Total
Specification of impaired loans and receivables												
Impaired loans and receivables before reserves	**4 343**	**0**	**3**	**9**	**5**	**39**	**27**	**0**	**13**	**2**	**1**	**4 443**
Of which non-performing	1 068	-	3	9	5	39	27	0	13	2	1	1 168
Of which performing	3 275	-	-	-	-	-	-	-	-	-	-	3 275
Reserves for impaired loans and receivables	**-3 759**	**0**	**-3**	**-9**	**-5**	**-39**	**-27**	**0**	**-13**	**-2**	**-1**	**-3 859**
Of which non-performing	-484	-	-3	-9	-5	-39	-27	-0	-13	-2	-1	-584
Of which performing	-3 275	-	-	-	-	-	-	-	-	-	-	-3 275
Book value of impaired loans and receivables	**584**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**584**
Of which non-performing	584	-	-	-	-	-	-	-	-	-	-	584
Of which performing	-	-	-	-	-	-	-	-	-	-	-	-

31 Dec 2004, DKKm	Denmark	Finland	Norway	Sweden	Poland and the Baltic countries	EU countries other	USA	Latin America	Asia	Other OECD	Non-OECD other	Total
Loans and receivables, not impaired[2]	186 881	3 105	3 656	29 607	812	67 871	1 369	3 417	1 161	284	555	298 717
Impaired loans and receivables	5 723	0	32	8	6	224	31	0	69	1	2	6 095
Loans and receivables before reserves	**192 604**	**3 106**	**3 688**	**29 615**	**818**	**68 094**	**1 399**	**3 417**	**1 230**	**284**	**557**	**304 813**
Specific reserves for individually assessed loans	-3 548	-0	-32	-8	-6	-224	-31	-0	-69	-1	-2	-3 920
Reserves for groups of significant loans	-958	-	-	-	-	-	-	-	-	-	-	-958
Reserves for groups of not significant loans	-220	-	-	-	-	-	-	-	-	-	-	-220
Reserves	**-4 726**	**-0**	**-32**	**-8**	**-6**	**224**	**-31**	**-0**	**-69**	**-1**	**-2**	**-5 099**
Loans and receivables, book value	**187 878**	**3 105**	**3 656**	**29 607**	**812**	**67 871**	**1 369**	**3 417**	**1 161**	**284**	**555**	**299 714**
[2] Of which non-performing loans on which interest is taken as income	-	-	-	-	-	-	-	-	-	-	-	-
Of which loans to sovereigns or loans guaranteed by sovereigns	-	-	-	-	-	-	-	-	-	-	-	-
Specification of impaired loans and receivables												
Impaired loans and receivables before reserves	**5 723**	**0**	**32**	**8**	**6**	**224**	**31**	**0**	**69**	**1**	**2**	**6 095**
Of which non-performing	1 899	0	32	8	6	224	31	0	69	1	2	2 272
Of which performing	3 824	-	-	-	-	-	-	-	-	-	-	3 824
Reserves for impaired loans and receivables	**-4 726**	**-0**	**-32**	**-8**	**-6**	**-224**	**-31**	**0**	**-69**	**-1**	**-2**	**-5 099**
Of which non-performing	-903	-0	-32	-8	-6	-224	-31	-0	-69	-1	-2	-1 275
Of which performing	-3 824	-	-	-	-	-	-	-	-	-	-	-3 824
Book value of impaired loans and receivables	**996**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**996**
Of which non-performing	996	-	-	-	-	-	-	-	-	-	-	996
Of which performing	-	-	-	-	-	-	-	-	-	-	-	-

Note 16e
Restructured loans and receivables current year

DKKm	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Loans and receivables before restructuring, book value	283	281	283	281
Loans and receivables after restructuring, book value	283	281	283	281

Reclassified loans and receivables current year

DKKm	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Impaired loans and receivables reclassified as normal loans, book value	283	281	283	281

Loans and receivables with transfer risk[3, 4]

	Group				Parent company			
	Loans and receivables comprised by the transfer risk		Contingent liabilities comprised by the transfer risk		Loans and receivables comprised by the transfer risk		Contingent liabilities comprised by the transfer risk	
DKKm	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
Loans and receivables before transfer risk reserve	1 240	1 101	-	-	1 240	1 101	-	-
Transfer risk reserve[5]	-69	-64	-	-	-69	-64	-	-
Loans and receivables after transfer risk reserve, book value	**1 171**	**1 037**	**-**	**-**	**1 171**	**1 037**	**-**	**-**

[3] Transfer risk is handled as a group of significant loans.
[4] Individual customer or customer group, which is identified individually as impaired, is handled as individually assessed loans.
[5] Total reserve for transfer risk amounts to DKK -69m (-64m), of which the reserve for off-balance-sheet items amounts to DKK 0m (0m), see Note 38 Provisions.

Note 16f
Reconciliation of reserve accounts for impaired assets

Group

31 Dec 2005, DKKm	Opening balance[1]	Changes through profit/loss	Changes due to currency rates	Closing balance
Reserves for individually assessed loans	4 107	-751	10	3 366
Reserves for groups of significant loans	464	5	-	469
Reserves for groups of not significant loans	200	-	-	200
Total	**4 771**	**-746**	**10**	**4 035**

31 Dec 2004, DKKm	Opening balance	Changes through profit/loss	Changes due to currency rates	Closing balance
Reserves for individually assessed loans	4 872	-767	1	4 107
Reserves for groups of significant loans	1 228	-269	-	959
Reserves for groups of not significant loans	220	-	-	220
Total	**6 320**	**-1 036**	**1**	**5 285**

Parent company

31 Dec 2005, DKKm	Opening balance[1]	Changes through profit/loss	Changes due to currency rates	Closing balance
Reserves for individually assessed loans	3 920	-740	10	3 190
Reserves for groups of significant loans	464	5	-	469
Reserves for groups of not significant loans	200	-	-	200
Total	**4 585**	**-735**	**10**	**3 859**

31 Dec 2004, DKKm	Opening balance	Changes through profit/loss	Changes due to currency rates	Closing balance
Reserves for individually assessed loans	4 659	-740	1	3 920
Reserves for groups of significant loans	1 228	-270	-	959
Reserves for groups of not significant loans	220	-	-	220
Total	**6 107**	**-1 010**	**1**	**5 099**

[1] Opening balance 2005 includes reassessment due to IFRS of DKK -514m.

Note 16g
Assets taken over for protection of claims

	Group		Parent company	
DKKm	2005	2004	2005	2004
Current assets, book value				
Land and buildings	-	-	-	-
Owner-occupied rights[6]	-	-	-	-
Shares and other participations[6]	-	-	-	-
Other assets	-	-	-	-
Total	**-**	**-**	**-**	**-**
Net return (net operating profit)				
Land and buildings	-	-	-	-
Owner-occupied rights[6]	-	-	-	-
Shares and other participations[6]	-	-	-	-
Other assets	-	-	-	-
Total	**-**	**-**	**-**	**-**
Annualised net return as a percentage of average book value				
Land and buildings	-	-	-	-
Owner-occupied rights[6]	-	-	-	-
Shares and other participations[6]	-	-	-	-
Other assets	-	-	-	-
Total	**-**	**-**	**-**	**-**

tated under the item Shares, Note 21.

Note 16h

Property acquired during the year

Group

Categories of property, 31 Dec 2005, mDKK	Number of properties	Book value	Fair value	Book value per square meter of leasable utility area	Economical vacancy	Vacancy rate by area	Yield
Residential housing	-	-	-	-	-	-	-
Office and commercial property	-	-	-	-	-	-	-
Industry and warehouse property	-	-	-	-	-	-	-
Hotel and conference centres	-	-	-	-	-	-	-
Other property	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**

31 Dec 2004, mDKK	Number of properties	Book value	Fair value	Book value per square meter of leasable utility area	Economical vacancy	Vacancy rate by area	Yield
Residential housing	-	-	-	-	-	-	-
Office and commercial property	-	-	-	-	-	-	-
Industry and warehouse property	-	-	-	-	-	-	-
Hotel and conference centres	-	-	-	-	-	-	-
Other property	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Parent Company

Categories of property, 31 Dec 2005, mDKK	Number of properties	Book value	Fair value	Book value per square meter of leasable utility area	Economical vacancy	Vacancy rate by area	Yield
Residential housing	-	-	-	-	-	-	-
Office and commercial property	-	-	-	-	-	-	-
Industry and warehouse property	-	-	-	-	-	-	-
Hotel and conference centres	-	-	-	-	-	-	-
Other property	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**

31 Dec 2004, mDKK	Number of properties	Book value	Fair value	Book value per square meter of leasable utility area	Economical vacancy	Vacancy rate by area	Yield
Residential housing	-	-	-	-	-	-	-
Office and commercial property	-	-	-	-	-	-	-
Industry and warehouse property	-	-	-	-	-	-	-
Hotel and conference centres	-	-	-	-	-	-	-
Other property	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Specification Other property

Group

31 Dec 2005, mDKK	Number of properties	Book value	Fair value	Book value per square meter of leasable utility area	Economical vacancy	Vacancy rate by area	Yield
Single-family houses	-	-	-	-	-	-	-
Agricultural property	-	-	-	-	-	-	-
Undeveloped land	-	-	-	-	-	-	-
Land improvements	-	-	-	-	-	-	-
Constructions in progress							
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Note 16h: ***cont.***

Property acquired during the year

31 Dec 2004, mDKK	Number of properties	Book value	Fair value	Book value per square meter of leasable utility area	Economical vacancy	Vacancy rate by area	Yield
Single-family houses	-	-	-	-	-	-	-
Agricultural property	-	-	-	-	-	-	-
Undeveloped land	-	-	-	-	-	-	-
Land improvements	-	-	-	-	-	-	-
Constructions in progress	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Parent Company

31 Dec 2005, mDKK	Number of properties	Book value	Fair value	Book value per square meter of leasable utility area	Economical vacancy	Vacancy rate by area	Yield
Single-family houses	-	-	-	-	-	-	-
Agricultural property	-	-	-	-	-	-	-
Undeveloped land	-	-	-	-	-	-	-
Land improvements	-	-	-	-	-	-	-
Constructions in progress	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**

31 Dec 2004, mDKK	Number of properties	Book value	Fair value	Book value per square meter of leasable utility area	Economical vacancy	Vacancy rate by area	Yield
Single-family houses	-	-	-	-	-	-	-
Agricultural property	-	-	-	-	-	-	-
Undeveloped land	-	-	-	-	-	-	-
Land improvements	-	-	-	-	-	-	
Constructions in progress	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Note 16i

Property by geographic area

	Group				Parent Company			
	Book value		Fair value		Book value		Fair value	
mDKK	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
Residential housing, of which	-	-	-	-	-	-	-	-
- metropolitan areas	-	-	-	-	-	-	-	-
- the rest of the country	-	-	-	-	-	-	-	-
- foreign countries	-	-	-	-	-	-	-	-
Office and commercial property, of which	-	-	-	-	-	-	-	-
- metropolitan areas	-	-	-	-	-	-	-	-
- the rest of the country	-	-	-	-	-	-	-	-
- foreign countries	-	-	-	-	-	-	-	-
Industry and warehouse property, of which	-	-	-	-	-	-	-	-
- metropolitan areas	-	-	-	-	-	-	-	-
- the rest of the country	-	-	-	-	-	-	-	-
- foreign countries	-	-	-	-	-	-	-	-
Hotel and conference centres, of which	-	-	-	-	-	-	-	-
- metropolitan areas	-	-	-	-	-	-	-	-
- the rest of the country	-	-	-	-	-	-	-	-
- foreign countries	-	-	-	-	-	-	-	-
Other property, of which	-	-	-	-	-	-	-	-
- metropolitan areas	-	-	-	-	-	-	-	-
- the rest of the country	-	-	-	-	-	-	-	-
- foreign countries	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Specification foreign property

	Group				Parent Company			
	Book value		Fair value		Book value		Fair value	
mDKK	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
Denmark	-	-	-	-	-	-	-	-
Finland	-	-	-	-	-	-	-	-
Norway	-	-	-	-	-	-	-	-
Sweden	-	-	-	-	-	-	-	-
Baltic countries	-	-	-	-	-	-	-	-
Poland	-	-	-	-	-	-	-	-
EU countries, other	-	-	-	-	-	-	-	-
USA	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-
Asia	-	-	-	-	-	-	-	-
Other OECD	-	-	-	-	-	-	-	-
Non-OECD, other	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Note 16j

Loans and receivables and their impairment

Management of property taken over for protection of claims

31 Dec 2005, DKKm	Group	Parent company	Unconsolidated real estate companies taken over for protection of claims
External income	-	-	-
Operating expenses	-	-	-
Net operating profit	-	-	-

31 Dec 2004, DKKm	Group	Parent company	Unconsolidated real estate companies taken over for protection of claims
External income	-	-	-
Operating expenses	-	-	-
Net operating profit	-	-	-

Note 17
Interest-bearing securities

	Group		Parent company	
DKKm	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
Current assets				
Issued by public bodies	34 132	23 430	34 132	23 430
Issued by other borrowers	96 090	117 320	117 483	112 657
Non-current assets				
Issued by public bodies	-	-	-	-
Issued by other borrowers	-	-	-	-
Total	**130 222**	**140 750**	**151 615**	**136 086**
Listed securities	128 899	138 420	150 292	133 757
Unlisted securities	1 323	2 330	1 323	2 330
Total	**130 222**	**140 750**	**151 615**	**136 086**
Of which, claims on				
- group undertakings	-	38 464	34 724	36 605
- associated undertakings	-	-	-	-
Maturity information				
Remaining maturity (book value)				
Maximum 1 year	32 100	20 900	37 400	20 900
1–5 years	44 800	26 000	52 100	21 300
5–10 years	25 600	3 700	29 800	3 700
More than 10 years	27 700	90 100	32 300	90 100
Total including portfolio schemes	**130 200**	**140 700**	**151 600**	**136 000**
Average remaining maturity period, years	5,8	10,7	5,8	10,4

Note 18
Shares

	Group		Parent company	
DKKm	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
Current assets				
Shares in trading portfolio	15 939	11 596	15 933	11 589
Shares taken over for protection of claims[1]	-	-	-	-
Other shares	-	-	-	-
Non-current assets				
Other shares	-	-	-	-
Total	**15 939**	**11 596**	**15 933**	**11 589**
Listed shares	14 673	10 367	14 673	10 367
Unlisted shares	1 266	1 229	1 260	1 222
Total	**15 939**	**11 596**	**15 933**	**11 589**

[1] See Note 16 regarding Assets taken over for protection of claims.

Note 19
Derivatives

31 Dec 2005, DKKm	Group			Parent company		
	Fair value		Total nom amount	Fair value		Total nom amount
	Positive	Negative		Positive	Negative	
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	835	258	191 734	835	258	191 734
FRAs	13	37	50 384	13	37	50 384
Interest rate futures	218	638	574 689	218	638	574 544
Options written	5	122	140 577	5	122	140 577
Options bought	161	9	172 144	161	9	172 144
Other	0	0	0	0	0	0
Total	**1 233**	**1 065**	**1 129 528**	**1 233**	**1 065**	**1 129 383**
Equity derivatives						
Futures and forwards	100	122	12 327	100	122	12 327
Options written	144	27	16 736	144	27	16 736
Options bought	24	138	17 424	24	138	17 424
Other	0	0	0	0	0	0
Total	**267**	**287**	**46 487**	**267**	**287**	**46 487**
Foreign exchange derivatives						
Currency and interest rate swaps	52	319	12 860	52	319	12 860
Currency forwards	286	49	15 027	286	49	15 027
Options written	0	0	0	0	0	0
Options bought	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	**338**	**368**	**27 887**	**338**	**368**	**27 887**
Other derivatives						
Futures and forwards	0	0	0	0	0	0
Options written	0	0	0	0	0	0
Options bought	0	0	0	0	0	0
Other	54	28	30 402	54	32	30 402
Total	**54**	**28**	**30 402**	**54**	**32**	**30 402**
Total derivatives held for trading	**1 892**	**1 747**	**1 234 304**	**1 892**	**1 751**	**1 234 159**

Note 19: ***cont.***

Derivatives

	Group			Parent company		
	Fair value		Total nom amount	Fair value		Total nom amount
31 Dec 2005, DKKm	Positive	Negative		Positive	Negative	
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	331	686	45 995	331	686	45 995
FRAs	0	0	0	0	0	0
Interest rate futures	0	0	0	0	0	0
Options written	0	0	0	0	0	0
Options bought	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	**331**	**686**	**45 995**	**331**	**686**	**45 995**
Equity derivatives						
Futures and forwards	0	0	0	0	0	0
Options written	0	0	0	0	0	0
Options bought	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**
Foreign exchange derivatives						
Currency and interest rate swaps	5	9	151	5	9	151
Currency forwards	0	0	0	0	0	0
Options written	0	0	0	0	0	0
Options bought	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	**5**	**9**	**151**	**5**	**9**	**151**
Other derivatives						
Futures and forwards	0	0	0	0	0	0
Options written	0	0	0	0	0	0
Options bought	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**
Total derivatives used for hedge accounting	**337**	**695**	**46 146**	**337**	**695**	**46 146**

Note 19: ***cont.***
Derivatives

	Group			Parent company		
	Fair value		Total nom amount	Fair value		Total nom amount
31 Dec 2004, DKKm	Positive	Negative		Positive	Negative	
Derivatives reported in the balance sheet						
Interest rate derivatives						
Interest rate swaps	2 390	3 228	243 060	2 390	3 228	243 060
FRAs	249	251	260 776	249	251	260 776
Interest rate futures	335	493	340 226	321	493	340 566
Options written	12	21	87 318	12	21	87 318
Options bought	105	7	111 016	105	7	111 016
Other	0	0	0	0	0	0
Total	**3 091**	**4 000**	**1 042 396**	**3 077**	**4 000**	**1 042 736**
Equity derivatives						
Futures and forwards	46	46	5 181	46	46	5 181
Options written	3	72	9 120	3	72	9 120
Options bought	73	3	9 118	73	3	9 118
Other	0	0	0	0	0	0
Total	**122**	**121**	**23 419**	**122**	**121**	**23 419**
Foreign exchange derivatives						
Currency and interest rate swaps	580	564	12 740	580	564	12 740
Currency forwards	280	753	21 438	280	753	21 438
Options written	13	14	0	13	14	0
Options bought	0	9	0	0	9	0
Other	0	0	0	0	0	0
Total	**873**	**1 340**	**34 178**	**873**	**1 340**	**34 178**
Other derivatives						
Futures and forwards	0	0	0	0	0	0
Options written	0	0	0	0	0	0
Options bought	0	0	0	0	0	0
Other	295	368	17 665	295	368	17 665
Total	**295**	**368**	**17 665**	**295**	**368**	**17 665**
Total derivatives in the balance sheet	**4 381**	**5 829**	**1 117 658**	**4 366**	**5 829**	**1 117 998**

Note 19: ***cont.***

Derivatives

31 Dec 2004, DKKm	Group Fair value Positive	Group Fair value Negative	Group Total nom amount	Parent company Fair value Positive	Parent company Fair value Negative	Parent company Total nom amount
Derivatives not reported in the balance sheet						
Interest rate derivatives						
Interest rate swaps	118	761	26 736	118	761	26 736
FRAs	0	0	0	0	0	0
Interest rate futures	0	0	0	0	0	0
Options written	0	0	0	0	0	0
Options bought	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	**118**	**761**	**26 736**	**118**	**761**	**26 736**
Equity derivatives						
Futures and forwards	0	0	0	0	0	0
Options written	0	0	0	0	0	0
Options bought	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**
Foreign exchange derivatives						
Currency and interest rate swaps	5	9	9 234	5	9	9 234
Currency forwards	0	0	0	0	0	0
Options written	0	0	0	0	0	0
Options bought	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	**5**	**9**	**9 234**	**5**	**9**	**9 234**
Other derivatives						
Futures and forwards	0	0	0	0	0	0
Options written	0	0	0	0	0	0
Options bought	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**
Total derivatives not in the balance sheet	**123**	**770**	**35 970**	**123**	**770**	**35 970**

Group

	31 Dec 2005		31 Dec 2004	
Maturity information	**Positive**	**Negative**	**Positive**	**Negative**
Remaining maturity (book value)				
Maximum 3 months	1 547	1 140	797	1 335
3-12 months	225	414	1 407	1 096
1-5 years	309	510	1 171	1 819
More than 5 years	148	379	1 006	1 578
Total	**2 229**	**2 443**	**4 381**	**5 829**

Parent company

	31 Dec 2005		31 Dec 2004	
Maturity information	**Positive**	**Negative**	**Positive**	**Negative**
Remaining maturity (book value)				
Maximum 3 months	1 547	1 144	782	1 335
3-12 months	225	414	1 407	1 096
1-5 years	309	510	1 171	1 819
More than 5 years	148	379	1 006	1 578
Total	**2 229**	**2 446**	**4 366**	**5 829**

Note 20
Investments in associated undertakings

DKKm	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Non-current assets				
Financial institutions	109	99	59	59
Other	313	428	111	267
Total	**422**	**527**	**170**	**326**
Of which, listed shares	-	-	-	-
Acquisition value at beginning of year	527	569	326	356
Acquisitions during the year	15	23	15	23
Sales during the year	-4	-53	-1	-53
Share in earnings	116	238	-	-
Dividend received	-232	-249	-	-
Adjustment to equity lower of cost	-	-	-169	-
Reclassifications	-	-	-	-
Acquisition value at end of year	**422**	**527**	**170**	**326**
Accumulated impairment charges at beginning of year	-	-	-	-
Impairment charges during the year	-	-	-	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**422**	**527**	**170**	**326**
Reclassified to other liabilities	85	-	85	-
Total	**507**	**527**	**255**	**326**

The associated undertakings' aggregated balance sheets and income statements can be summarised as follows:

DKKm	31 Dec 2005	31 Dec 2004
Total assets	6 016	5 494
Total liabilities	6 016	5 494
Operating income	393	376
Operating profit	306	171

Nordeas' share of contingent liabilities in associated undertakings amounts to DKK 55m.

31 Dec 2005	Registration number	Domicile	Book value DKKm	Voting power of holding %
Credit institutions				
LR-realkredit	26045304	Copenhagen	109	39
Total			**109**	
Other				
Inv. Selskabet af 23.3.2001	20310545	Copenhagen	-	50
KFU-AX II A/S	25894286	Frederiksberg	36	34
Ejendomsselskabet Axelborg I/S	79334413	Copenhagen	65	33
Axcel IKU Invest A/S	24981800	Billund	61	33
Industrikapital 1989 IV	LP3742	St. Helier	0	29
Dankort A/S	26057795	Kirke Værløse	20	28
PBS Holding A/S	67007719	Ballerup	112	28
Multidata Holding A/S	27226027	Ballerup	18	28
Pbs International Holding A/S	27226086	Ballerup	43	28
KIFU-AX II A/S	25893662	Frederiksberg	41	26
Conair a/s i likvidation	33551215	Copenhagen	0	25
AG Holding af 2001 A/S	21831670	Copenhagen	0	23
Realkreditnettet Holding A/S	21270776	Copenhagen	0	20
Fleggaard Busleasing	134650777	Harrislee	-	39
Nordea Fleet (NF-fleet A/S)	29185263	Copenhagen	-	20
Total			**398**	
Total			**507**	

The statutory information is available on request from Nordea Investor Relations.

Note 21
Investments in group companies

Parent company	31 Dec	31 Dec
DKKm	2005	2004
Non-current assets		
Shares, financial institutions	6 428	5 678
Other	402	524
Total	**6 830**	**6 202**
Of which, listed shares	-	-
Acquisition value at beginning of year	6 202	5 515
Acquisitions during the year	814	750
Sales during the year	0	-63
Adjustment to equity lower of cost	-186	-
Reclassifications	-	-
Translation differences	-	-
Acquisition value at end of year	**6 830**	**6 202**
Accumulated impairment charges at beginning of year	-	-
Impairment charges during the year	-	-
Through mergers	-	-
Translation differences	-	-
Accumulated impairment charges at end of year	**-**	**-**
Total	**6 830**	**6 202**
Shares in Nordea Bank AB, Stockholm	155	121
Total	**6 985**	**6 323**

Specification

Parent company

31 Dec 2005	Number of shares	Book value DKKm	Voting power of holding %	Domicile	Registration number
Nordea Bank Danmark A/S					
Subsidiary undertakings					
Nordea Finans Danmark A/S	20 006	302	100	Høje-Taastrup	89805910
Ulos AS	100	-	100	Oslo	981966783
Oxenøen AS	1 000	-	100	Oslo	883526732
Nordea Kredit Realkreditaktieselskab	14 382 500	6 428	100	Copenhagen	15134275
Nordea Konferencecenter Klarskovgaard A/S	1 300	10	100	Korsør	14406689
Danbolig A/S	1	4	100	Copenhagen	13186502
Structured Finance Servicer A/S	2	2	100	Copenhagen	24606910
Nordea Investment Management Bank A/S	400 000	59	100	Copenhagen	26312264
Nordea Finance Ltd.	2	24	100	London	1654761
Hermes Mortgage Ltd.	5 000	-	100	London	1620201
Nordea Nominees Ltd.	20 002	-	100	London	1096657
Unidanmark Asset Company Ltd.	20 000	-	100	London	984871
Unidanmark Trade Services Ltd.	2	0	100	Hong-Kong	0454861400310059
Collateralized Mortgage Obligations Denmark A/S	6 000	0	0	Copenhagen	24260631
Collateralized Mortgage Obligations Denmark ll A/S	5 000	0	0	Copenhagen	24203840
Kalmar Structured Finance A/S	5 000	0	0	Copenhagen	18618931
RPI Investering A/S	5 000	0	0	Copenhagen	19121682
Færøsk Kommune Investering A/S	5 000	0	0	Copenhagen	25655222
Viking Asset Securitisation Limited	15 000	0	0	St. Helier	75376
Total		**6 830**			

Note 22
Intangible assets

DKKm	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Goodwill [1]				
Acquisition value at beginning of year	10	-	10	-
Acquisitions during the year	4	10	4	10
Through mergers	-	-	-	-
Sales during the year	-	-	-	-
Translation differences	-	-	-	-
Acquisition value at end of year	**15**	**10**	**15**	**10**
Accumulated amortisation at beginning of year	-10	-	-10	-
Amortisation according to plan for the year	-4	-10	-4	-10
Accumulated amortisation on sales/disposals during the year	-	-	-	-
Through mergers	-	-	-	-
Translation differences	-	-	-	-
Accumulated amortisation at end of the year	**-15**	**-10**	**-15**	**-10**
Accumulated impairment charges at beginning of year	-	-	-	-
Impairment charges during the year	-	-	-	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**0**	**0**	**0**	**0**
Total	**0**	**0**	**0**	**0**
Other intangible assets [2]				
Acquisition value end of last year	83	-	80	-
Adjustment due to changed accounting principles	-	47	-	47
Acquisition value at beginning of the year	83	47	80	47
Acquisitions during the year	57	36	39	33
Through mergers	-	-	-	-
Sales/disposals during the year	-	-	-	-
Translation differences	-	-	-	-
Acquisition value at end of the year	**140**	**83**	**119**	**80**
Acquisition value end of last year	-39	-	-39	-
Adjustment due to changed accounting principles	-	-23	-	-23
Acquisition value at beginning of the year	-39	-23	-39	-23
Amortisation according to plan for the year	-8	-16	-8	-16
Accumulated amortisation on sales/disposals during the year	-	-	-	-
Through mergers	-	-	-	-
Translation differences	-	-	-	-
Accumulated amortisation at end of year	**-47**	**-39**	**-47**	**-39**
Accumulated impairment charges at beginning of year	-	-	-	-
Impairment charges during the year	-	-	-	-
Accumulated impairment charges on sales/disposals during the year	-	-	-	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**0**	**0**	**0**	**0**
Total	**93**	**44**	**72**	**41**

[1] Excluding goodwill in associated undertakings.

[2] Refers to computer licences.

Note 23

Property and equipment

	Group		Parent company	
DKKm	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
Current assets	-	-	-	-
Non-current assets	231	244	145	138
Of which buildings for own use	69	82	15	28
Total	**231**	**244**	**145**	**138**
Non-current assets				
Equipment				
Acquisition value at beginning of year	711	738	563	582
Acquisitions during the year	79	35	69	29
Sales/disposals during the year	-39	-62	-1	-49
Through mergers	-	-	-	-
Reclassifications	1	-	1	-
Translation differences	-	-	-	-
Acquisition value at end of year	**753**	**711**	**631**	**563**
Accumulated depreciation at beginning of year	-549	-499	-452	-423
Sales/disposals during the year	35	54	1	42
Depreciations according to plan for the year	-76	-104	-51	-70
Through mergers	-	-	-	-
Reclassifications	-	-	0	-
Translation differences	-	-	-	-
Accumulated depreciation at end of year	**-590**	**-549**	**-502**	**-452**
Accumulated impairment charges at beginning of year	-	-	-	-
Impairment charges during the year	-	-	-	-
Accumulated impairment charges on sales/disposals during the year	-	-	-	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**162**	**162**	**129**	**111**
Land and buildings				
Acquisition value at beginning of year	119	167	34	79
Acquisitions during the year	1	11	1	2
Sales/disposals during the year	-14	-28	-14	-22
Through mergers	-	-	-	-
Reclassifications	-	-31	-	-25
Translation differences	-	-	-	-
Acquisition value at end of year	**106**	**119**	**22**	**34**
Accumulated depreciation at beginning of year	-37	-34	-7	-5
Sales/disposals during the year	1	-	1	-
Depreciation according to plan for the year	-2	-2	-1	-1
Through mergers	-	-	-	-
Translation differences	-	-	-	-
Accumulated depreciation at end of year	**-38**	**-37**	**-7**	**-6**
Accumulated impairment charges at beginning of year	-	-	-	-
Impairment charges during the year	-	-	-	-
Accumulated impairment charges on sales/disposals during the year	-	-	-	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**69**	**82**	**15**	**28**

Note 24
Leasing

Nordea as a lessor

Finance leases

Nordea Bank Danmark group owns assets leased to customers under finance lease agreements. Finance lease agreements are reported as receivables from the lessee included in "Loans and receivables to the public" at an amount equal to the net investment in the lease. The leased assets mainly comprise vehicles, machinery and other equipment.

Reconciliation of gross investments and present value of future minimum lease payments

	Group	
	31 Dec	31 Dec
DKKm	2005	2004
Gross investments	9 309	9 356
Less unearned finance income	-409	-674
Net investments in finance leases	**8 900**	**8 682**
Less unguaranteed residual values accruing to the benefit of the lessor	0	0
Present value of future minimum lease payments receivable	**8 900**	**8 682**
Accumulated allowance for uncollectible minimum lease payments receivable	**0**	**0**

As of 31 December 2005 the gross investment at remaining maturity was distributed as follows:

	Group
	31 Dec
Distribution of gross investment at remaining maturity, DKKm	2005
2006	2 397
2007	1 768
2008	1 704
2009	1 073
2010	804
Later years	1 562
Total gross investment	**9 309**
Less unearned future finance income on finance leases	-409
Net investment in finance leases	**8 900**

Nordea as a lessee

Finance leases

Nordea Bank Danmark has not entered into finance lease agreements.

Operating leases

Nordea Bank Danmark has entered into operating lease agreements for premises and office equipment.

	Group	
Leasing expenses during the year, DKKm	31 Dec 2005	31 Dec 2004
Leasing expenses during the year	491	479
Of which:		
minimum lease payments	*480*	*469*
contingent rents	*11*	*10*
Leasing income during the year regarding sublease payments	2	1

Future minimum lease payments under non-cancellable operating leases amounted to and are distributed as follows:

	Group	Parent company
DKKm	31 Dec 2005	31 Dec 2005
2006	329	329
2007	329	329
2008	296	296
2009	296	296
2010	291	291
Later years	1 789	1 789
Total	**3 330**	**3 330**

The future minimum lease payments relate primarily to a contractual liability for rent of premises. The remaining periods to termination extend to 22 years and 6 months.

Note 25
Investment property

Movement in investment property	Group		Parent company	
DKKm	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
Book value amount at beginning of year	579	585	25	25
Acquisitions	-	-	-	-
Acquisitions resulting from acquisitions through business combinations	-	-	-	-
Capitalised subsequent expenditure	-	-	-	-
Disposals	-84	-	-	-
Impairment losses and impairment losses reversed	-	-	-	-
Net gains or losses from fair value adjustments	-8	-6	-	-
Transfers/reclassifications during the year	-	-	-	-
Translation differences	3	-	-	-
Book value at end of year	**490**	**579**	**25**	**25**

Amounts recognised in the income statement

DKKm	2005	2004	2005	2004
Rental income	31	33	-	-
Direct operating expenses that generate rental income	-	-	-	-
Direct operating expenses that did not generate rental income	-	-	-	-
Total	**31**	**33**	**-**	**-**

For the majority of the investment properties the lessee has an option to purchase the property according to the lease agreement entered into. The duration of the option varies from 0-5 years.

Note 26
Prepaid expenses and accrued income

	Group		Parent company	
DKKm	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
Accrued interest income	2 502	5 053	2 533	3 725
Other accrued income	-	-	-	-
Prepaid expenses	252	373	191	371
Total	**2 754**	**5 426**	**2 724**	**4 096**

Note 27
Other assets

	Group		Parent company	
DKKm	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
Retirement benefit assets	126	87	126	87
Claims on securities settlement proceeds[1]	47 428	-	56 135	-
Other	2 730	724	2 770	710
Total	**50 284**	**811**	**59 031**	**797**

[1] The amounts reflects trade date accounting implemented at 1 January 2005. The adjustment primarily relates to receivables on sold bonds at year-end.

Note 28
Deposits by credit institutions

DKKm	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Central banks	10 612	13 857	10 612	13 857
Other banks	180 403	157 416	180 293	157 080
Other credit institutions	16 933	16 902	20 623	19 972
Total	**207 947**	**188 174**	**211 528**	**190 909**
Of which, liabilities to group undertakings	-	-	28 270	18 207
Of which, liabilities to associated undertakings	276	260	276	260
Maturity information				
Remaining maturity (book value)				
Payable on demand	91 100	30 100	115 500	35 000
Maximum 3 months	105 700	153 100	94 700	151 300
3 months–1 year	8 000	4 300	1 300	3 900
1–5 years	2 600	500	0	400
More than 5 years	500	200	0	200
Total	**207 900**	**188 200**	**211 500**	**190 900**
Average remaining maturity, years	0,2	0,2	0,1	0,2

Note 29
Deposits and borrowings from the public

DKKm	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Deposits from the public	220 238	192 536	221 000	193 050
Borrowings from the public	22 186	19 294	22 186	19 294
Total	**242 424**	**211 830**	**243 186**	**212 344**
Of which, liabilities to group undertakings	-	-	513	761
Of which, liabilities to associated undertakings	89	95	89	95

Deposits are defined as funds in deposit accounts covered by the government deposit guarantee but also including amounts in excess of the individual amount limits. Individual pension savings (IPS) are also included. Portfolio schemes in Nordea Bank Danmark A/S of DKK 28.927m (DKK 24.722m) are also included in Deposits.

	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Maturity information, Deposits				
Remaining maturity (book value)				
Payable on demand	151 300	129 000	152 100	129 500
Maximum 3 months	24 100	19 800	24 100	19 800
3 months-1 year	1 300	8 600	1 300	8 600
1–5 years	1 200	500	1 200	500
More than 5 years	42 300	34 600	42 300	34 600
Total	**220 200**	**192 500**	**221 000**	**193 000**
Average remaining maturity, years	2,0	1,9	2,0	1,8
Maturity information, Borrowings				
Remaining maturity (book value)				
Payable on demand	-	-	-	-
Maximum 3 months	22 200	19 300	22 200	19 300
3 months-1 year	-	-	-	-
1–5 years	-	-	-	-
More than 5 years	-	-	-	-
Total	**22 200**	**19 300**	**22 200**	**19 300**
Average remaining maturity, years	0,2	0,2	0,2	0,2

Note 30

Debt securities in issue

DKKm	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Certificates of deposit	-	-	-	-
Commercial papers	-	-	-	-
Bond loans	190 112	176 149	353	415
Other	-	-	-	-
Total	**190 112**	**176 149**	**353**	**415**
Of which, liabilities to group undertakings	-	-	-	-
Of which, liabilities to associated undertakings	-	-	-	-
Maturity information, Debt securities in issue				
Remaining maturity (book value)				
Maximum 1 year	30 400	49 600	200	100
1–5 years	10 700	27 800	100	300
5–10 years	3 900	0	0	0
More than 10 years	145 100	98 700	0	0
Total	**190 100**	**176 100**	**300**	**400**
Average remaining maturity, years	11,9	8,9	2,3	1,4
Maturity information, Other				
Remaining maturity (book value)				
Payable on demand	-	-	-	-
Maximum 3 months	-	-	-	-
3 months-1 year	-	-	-	-
1–5 years	-	-	-	-
More than 5 years	-	-	-	-
Total	**-**	**-**	**-**	**-**
Average remaining maturity, years	-	-	-	-

Note 31
Other liabilities

DKKm	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Liabilities on securities settlement proceeds[1]	36 991	-	82 934	-
Sold, not held, securities	35 467	21 586	35 467	21 586
Other	9 683	5 984	9 218	5 496
Total	**82 141**	**27 570**	**127 619**	**27 082**

[1]The amount reflects trade date accounting implemented at 1 January 2005. The adjustment primarily relates to payables on purchased bonds at year-end.

Note 32
Accrued expenses and prepaid income

DKKm	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Accrued interest	4 129	5 493	1 042	825
Other accrued expenses	-	21	-	21
Prepaid income	10	177	-	0
Total	**4 139**	**5 691**	**1 042**	**846**

Note 33
Provisions

DKKm	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Reserve for restructuring costs	-	-	-	-
Transfer risks, guarantees (see Note 16)	-	-	-	-
Other	1	12	1	12
Total	**1**	**12**	**1**	**12**

Movement in the balance sheet:

Group	Restructuring	Transfer risks	Other	Total
At beginning of year	-	-	12	**12**
New provisions made	-	-	-	-
Provisions utilised	-	-	-	-
Reversals	-	-	-11	**-11**
Translation differences	-	-	-	-
At end of year	-	-	1	**1**
Of which expected to be settled within 12 months	-	-	1	1

Parent company	Restructuring	Transfer risks	Other	Total
At beginning of year	-	-	12	**12**
New provisions made	-	-	-	-
Provisions utilised	-	-	-	-
Reversals	-	-	-11	**-11**
Translation differences	-	-	-	-
At end of year	-	-	1	**1**
Of which expected to be settled within 12 months	-	-	1	1

Note 34
Retirement benefit obligations

	Group		Parent company	
Group	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2005	2004	2005	2004
Pension plans	82	70	82	70
Other post-employment benefits	-	-	-	-
Total	**82**	**70**	**82**	**70**

Defined benefit plans

IAS 19 secures that the market based value of pension obligations net of assets backing these obligations will be reflected on the balance sheet. Some plans are funded schemes covered by assets in pension funds/foundations. Some other pension plans are recognised directly on the balance sheet as a liability.

Funded schemes	
2005	
Members	67
Average member age	71
2004	
Members	67
Average member age	70

IAS 19 pension calculations and assumptions

Calculations on major plans are performed by external liability calculators and are based on the actuarial assumptions fixed for each of the Group's pension plans.

Assumptions	
2005	
Discount rate	4,0%
Salary increase	3,0%
Inflation	2,0%
Expected return on assets before taxes	5,0%
2004	
Discount rate	4,5%
Salary increase	3,0%
Inflation	2,0%
Expected return on assets before taxes	5,5%

The expected return on assets is based on long-term expectations for return on the different asset classes. On bonds, this will be linked to the discount rate while equities and real estate will have an added risk premium.

Asset composition

The combined return on assets in 2005 was 7,1% (6,6%). At the end of the year, the equity exposure in pension funds/foundations represented 16% (11%) of total assets.

Funded schemes	2005	2004
Equity	15%	11%
Bonds	69%	73%
Other	16%	16%
Of which		
- Nordea Bank AB shares	0%	0%

Defined benefit plans - balance sheet items

Retirement benefit assets reported in the balance sheet as at year-end amounted to DKK 126m (DKK 87m) , whereas retirement benefit obligations totalled DKK 82m (DKK 70m).

Note 34: ***cont.***
Retirement benefit obligations

Amounts recognised in the balance sheet at 31 Dec

	Group		Parent company	
DKKm	2005	2004	2005	2004
PBO	824	779	824	779
Assets	843	773	843	773
Funded status - surplus/deficit(-)	**20**	**-5**	**20**	**-5**
Unrecognised actuarial gains/losses(-)	25	22	25	22
Unrecognised past service costs	-	-	-	-
Funded status in the balance sheet	**-45**	**-17**	**-45**	**-17**
Of which				
retirement benefit assets[1]	126	87	126	87
retirement benefit obligations	82	70	82	70
related to unfunded plans	82	70	82	70

[1] See Note 27 Other assets

The development in the present value of the pension obligations (PBO) and the value of assets is highlighted below.

Changes in the PBO

	Group		Parent company	
DKKm	2005	2004	2005	2004
PBO at 1 Jan	779	678	779	678
Service cost	14	16	14	16
Interest cost	27	30	27	30
Pensions paid	-37	-42	-37	-42
Curtailments and settlements	12	-	12	-
Past service cost	-	-	-	-
Actuarial gains(-)/losses	29	96	29	96
Effect of exchange rate changes	-	-	-	-
PBO at 31 Dec	**824**	**779**	**824**	**779**

Changes in the fair value of assets

	Group		Parent company	
DKKm	2005	2004	2005	2004
Assets at 1 Jan	773	661	773	661
Expected return on assets	33	35	33	35
Pensions paid	-40	-35	-40	-35
Contributions	53	41	53	41
Actuarial gains/losses(-)	22	71	22	71
Effect of exchange rate changes	-	-	-	-
Assets at 31 Dec	**843**	**773**	**843**	**773**
Actual return on plan assets	**55**	**40**	**55**	**40**

Defined benefit pension cost
The total net pension cost related to defined benefit plans recognised in the Group's income statement (as staff costs) for the year is DKK 28m (DKK 21m). Total pension costs comprise defined benefit pension costs as well as costs related to defined contribution plans. (See specification in Note 8)

Note 34 *cont.*
Retirement benefit obligations .

Recognised net defined benefit cost

	Group		Parent company	
DKK m	2005	2004	2005	2004
Service cost	-14	-16	-14	-16
Interest cost	-27	-30	-27	-30
Expected return on assets	33	35	33	35
Recognised actuarial gains(-)/losses	-5	-	-5	-
Recognised past service cost	-12	-	-12	-
Curtailments and settlements	-	-2	-	-2
Cost related to AMBI on contribution to pension funds	-4	-8	-4	-8
Pension cost on defined benefit plans	**-28**	**-21**	**-28**	**-21**

The net pension cost on defined benefit plans is expected to change to DKK 7m in 2006.

The Group expects to contribute DKK 4m to its defined benefit plans in 2006.

Key management personnel
The Group's total pension obligations towards present and former members of the Executive Management amounted to DKK 70m (DKK 69m) at the end of the year. These obligations are covered with assets of DKK 0m (DKK 0m). The bank has no pensions obligations towards the Board of Directors.

Note 35
Subordinated liabilities

	Group		Parent company	
DKKm	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
Dated subordinated debenture loans	-	-	-	-
Undated subordinated debenture loans	-	-	-	-
Hybrid capital loans	-	-	-	-
Other subordinated loans	10 034	9 337	10 034	9 337
Total	**10 034**	**9 337**	**10 034**	**9 337**
Of which liabilities to group undertakings	-	-	-	-
Of which liabilities to associated undertakings	-	-	-	-

These debenture loans are subordinated to other liabilities. Dated debenture loans entitle the lender to payment before undated subordinated loans and hybrid capital loans. Within each respective category, the loans entitle lenders to equal payment rights.

At 31 December 6 loans - with terms specified below - were outstanding.

Issued by	Year of issue / maturity	Nom. value EURm	Book value DKKm	Interest rate (coupon)
Nordea Bank Danmark[1]	1999/2009	250	1 865	Floating rate
Nordea Bank Danmark[2]	2003/2010	300	2 238	Floating rate
Nordea Bank Danmark[3]	2003/2010	120	895	Floating rate
Nordea Bank Danmark[4]	2004/2012	275	2 052	Floating rate
Nordea Bank Danmark[5]	2004/2012	200	1 492	Floating rate
Nordea Bank Danmark[6]	2005/2013	200	1 492	Floating rate

[1] Call date on 26 May 2006
[2] Call date on 27 September 2007
[3] Call date on 23 December 2007
[4] Call date on 26 May 2009
[5] Call date on 17 December 2009
[6] Call date on 24 June 2010

Note 36
Equity

DKKm	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Share capital	5 000	5 000	5 000	5 000
Other reserves	-	4 864	-	1 534
Retained earnings	14 583	9 803	11 107	9 501
Net profit for the year	3 956	3 196	3 305	2 591
Total	**23 538**	**22 864**	**19 412**	**18 626**

The share capital of Nordea Bank Danmark A/S consists of 50 million shares of DKK 100 each, all fully owned by Nordea Bank AB, Stockholm, Sweden.

Group

	Attributable to the share holders of Nordea Bank Danmark A/S						Total equity attributable to share holders	Minority interest	Total equity
DKKm	Share capital	Share premium account	Other reserves	Retained earnings	Total core equity	Reva-luation reserves			
Balance at end of year, at 31 December 2004	**5 000**	**4 864**	**-**	**12 999**	**22 864**	**-**	**22 864**	**47**	**22 911**
Change in accounting policies:									
IAS 39 Loan loss provisions	-	-	-	360	360	-	360	-	360
IAS 39 Other	-	-	-	-140	-140	-	-140	-	-140
Balance at 1 January 2005, restated	**5 000**	**4 864**	**-**	**13 219**	**23 083**	**-**	**23 083**	**47**	**23 130**
Available-for-sale investments:									
- Fair value gains	-	-	-	-	-	13	13	-	13
- Tax on fair value gains	-	-	-	-	-	-4	-4	-	-4
Currency translation differences	-	-	-	-1	-1	-	-1	0	-1
Dividend for 2004	-	-	-	-3 500	-3 500	-	-3 500	-	-3 500
Other changes	-	-4 864	-	4 864	-	-	-	-	0
Net profit for the year	-	-	-	3 956	3 956	-	3 956	-	3 956
Balance at 31 December 2005	**5 000**	**-**	**-**	**18 539**	**23 538**	**9**	**23 548**	**46**	**23 594**
Balance at end of year, at 31 December 2003	**5 000**	**4 262**	**-**	**10 176**	**19 438**	**-**	**19 438**	**-**	**19 438**
Change in accounting policies:									
IAS 1 Minority interests	-	-	-	-	-	-	-	47	47
IAS 10 Dividend	-	-	-	2 250	2 250	-	2 250	-	2 250
IAS 19 Pension	-	-	-	43	43	-	43	-	43
IAS 28 Investments in Associates	-	-	-	133	133	-	133	-	133
Other opening balance issues	-	-	-	54	54	-	54	-	54
Balance at 1 January 2004, restated	**5 000**	**4 262**	**-**	**12 656**	**21 918**	**-**	**21 918**	**47**	**21 964**
Available-for-sale investments:									
- Fair value gains	-	-	-	-	-	-	-	-	-
- Tax on fair value gains	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-	-	-
Dividend for 2003	-	-	-	-2 250	-2 250	-	-2 250	-	-2 250
Other changes	-	-	-	-	-	-	-	-	-
Net profit for the year	-	603	-	2 593	3 196	-	3 196	-	3 196
Balance at 31 December 2004	**5 000**	**4 864**	**-**	**12 999**	**22 864**	**-**	**22 864**	**47**	**22 911**

Description of items in the equity is included in Note 1 Accounting policies.

Dividends per share

Final dividends are not accounted for until they have been ratified at the Annual General Meeting. At the meeting on 10 March 2006, a dividend in respect of 2005 of DKK 0.36 per share (2004 actual dividend DKK 0.70 per share) amounting to a total of DKK 1.800m (2004 actual DKK 3.500m) is to be proposed. The financial statements for the year ended 31 December 2005 do not reflect this resolution, which will be accounted for in equity as an appropriation of retained earnings in the year ending 31 December 2006.

Note 36: *cont.*

Equity

Parent

DKKm	Attributable to the share holders of Nordea Bank Danmark A/S						Total equity attributable to share holders	Minority interest	Total equity
	Share capital	Share premium account	Other reserves	Retained earnings	Total core equity	Revaluation reserves			
Balance at end of year, at 31 December 2004	**5 000**	**1 534**	**-**	**12 093**	**18 626**	**-**	**18 626**	**-**	**18 626**
Change in accounting policies:									
IAS 39 Loan loss provisions	-	-	-	360	360	-	360	-	360
IAS 39 Other	-	-	-	-140	-140	-	-140	-	-140
Balance at 1 January 2005, restated	**5 000**	**1 534**	**-**	**12 312**	**18 846**	**-**	**18 846**	**-**	**18 846**
Available-for-sale investments:									
- Fair value gains	-	-	-	-	-	13	13	-	13
- Tax on fair value gains	-	-	-	-	-	-4	-4	-	-4
Currency translation differences	-	-	-	-	-	-	-	-	-
Dividend for 2004	-	-	-	-3 500	-3 500	-	-3 500	-	-3 500
Transfer of share premium account	-	-1 534	-	1 534	-	-	-	-	0
Change due to new tax rules	-	-	-	940	940	-	940		940
Adjustment to equity lower of cost in Nordea Finans due to new tax rules	-	-	-	-180	-180	-	-180	-	-180
Other changes	-	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	3 305	3 305	-	3 305	-	3 305
Balance at 31 December 2005	**5 000**	**-**	**-**	**14 412**	**19 412**	**9**	**19 421**	**-**	**19 421**
Balance at end of year, at 31 December 2003	**5 000**	**4 262**	**-**	**10 176**	**19 438**	**-**	**19 438**	**-**	**19 438**
Change in accounting policies:									
IAS 10 Dividend	-	-	-	2 250	2 250	-	2 250	-	2 250
IAS 19 Pension	-	-	-	43	43	-	43	-	43
IAS 27 Consolidated and separate financial statements				-3 499	-3 499	-	-3 499	-	-3 499
Transfer of subsidiary reserve	-	-2 728	-	2 728	0	-	0	-	0
Other opening balance issues	-	-	-	54	54	-	54	-	54
Balance at 1 January 2004, restated	**5 000**	**1 534**	**-**	**11 752**	**18 286**	**-**	**18 286**	**-**	**18 286**
Available-for-sale investments:									
- Fair value gains	-	-	-	-	-	-	-	-	-
- Tax on fair value gains	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-	-	-
Dividend for 2003	-	-	-	-2 250	-2 250	-	-2 250	-	-2 250
Other changes	-	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	2 591	2 591	-	2 591	-	2 591
Balance at 31 December 2004	**5 000**	**1 534**	**-**	**12 093**	**18 626**	**-**	**18 626**	**-**	**18 626**

Reconciliation with the reporting to the Danish Financial Supervisory Authority at 31 December 2005 (DKKm)

Equity	**Group**	**Parent**
Official IFRS financial statements	23 594	19 421
Adjustments:		
- Minority interests[1]	1 217	-
- Fair value adjustment of owner occupied property	18	18
- Difference between cost and net assets value in subsidiaries and associates	-	4 128
Reported to the Danish FSA	24 828	23 565

[1]Minority interest relate primarily to a special reserve in an associated undertaking.

Result	**Group**	**Parent**
Official IFRS financial statements	3 956	3 305
Adjustments:		
- Financial assets available for sale	9	9
- Difference between profit from companies accounted for under the equity method and dividends	-	651
Reported to the Danish FSA	3 965	3 965

Note 37
Assets pledged as security for own liabilities

	Group		Parent company	
DKKm	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
Assets pledged for own liabilities				
Lease agreements	-	-	-	-
Securities involved in repurchase agreements, etc[1]	120 233	99 527	122 355	92 907
Other pledged assets	-	-	-	-
Total	**120 233**	**99 527**	**122 355**	**92 907**
The above pledges pertain to the following liability and commitment items				
Deposits by credit institutions	89 046	72 437	91 169	74 484
Deposits and borrowings from the public	21 896	19 294	21 890	19 294
Debt securities in issue	-	-	-	-
Other liabilities and commitments	-	-	-	-
Total	**110 943**	**91 731**	**113 065**	**93 778**

[1]At year-end 2005 bonds at a market value of DKK 11.248m (DKK 9.550m) had been transferred to the FUTOP Clearing Centre and clearing centres outside Denmark pursuant to margin requirements.

Note 38
Contingent liabilities

	Group		Parent company	
DKKm	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
Guarantees				
Loan guarantees	8 322	6 461	74 285	57 783
Other guarantees	19 988	17 854	20 313	18 427
Documentary credits				
Unutilised irrevocable import documentary credits and confirmed export documentary credits	2 520	2 018	2 520	2 018
Other contingent liabilities	-	-	-	-
Total	**30 830**	**26 333**	**97 118**	**78 228**

As from the accounting period 2005 Nordea Bank Danmark A/S is taxed jointly with the Danish companies, branches etc of the Nordea Group, according to the new rules for joint taxation for 2005, and is liable for that part of the tax of the jointly taxed income concerning the company until payment to Nordea Bank Danmark has taken place. For 2004 and previous years Nordea Bank Danmark A/S was taxed jointly with the majority of the company's subsidiary undertakings, and Nordea Bank Danmark A/S and these companies were jointly and severally liable for corporation tax.

A limited number of employees are employed under terms, which grant them, if they are dismissed before reaching their normal retirement age, an extraordinary severance and/or pension payment in excess of what they would have been entitled to under ordinary terms of employment.

The companies of the Nordea Bank Danmark Group are involved in various legal disputes and proceedings. The expected outcome of these proceedings will not materially effect the financial position of the Nordea Bank Danmark Group.

A writ has been served on Nordea Bank Denmark A/S on 31 January 2006 based on an avoidance claim of USD 61.2m by SAirGroup in Nachlassliquidation filed with the Commercial Court of Zürich. Nordea believes that the claim lacks merit and is contesting the claim.

In terms of payroll tax and VAT, Nordea Bank Danmark A/S is registered jointly with Nordea, Branch of Nordea Bank AB, Sweden, the Danish PE agency of Nordea Bank Finland and with the majority of the Danish subsidiary undertakings in the Nordea Bank AB Group and these companies are jointly and severally liable for such taxes.

As a result of the demerger of Nordea Bank Danmark A/S at 1 January 2001, Nordea Bank Danmark A/S is jointly and severally liable, pursuant to section 136(3) of the Danish Companies Act, with Nordea Investment Management Bank A/S (formerly Nordea Asset Management Bank Danmark A/S) and Nordea Securities Bank Danmark A/S in liquidation for Nordea Bank Danmark A/S's obligations at the date of the announcement of the demerger. The liability is maximised to the shareholders' equity of Nordea Bank Danmark A/S at this date.

As a result of the demerger of Nordea Companies Denmark (NCD) A/S at 1 January 2001 and the subsequent merger between Nordea Uni Holding Danmark A/S and Nordea Bank Danmark A/S, Nordea Bank Danmark A/S is jointly and severally liable, pursuant to section 136(3) of the Danish Companies Act, with Nordea IB Holding Danmark A/S, Nordea AM Holding Danmark A/S and Nordea INS Holding A/S for Nordea Companies Denmark (NCD) A/S's obligations at the date of the announcement of the demerger. The liability is maximised to the shareholders' equity of Nordea Uni Holding Danmark A/S at this date.

Note 39
Commitments

	Group		Parent company	
DKKm	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
Credit commitments	15 645	16 518	15 645	16 518
Unutilised portion of approved overdraft facilities	115 824	121 758	115 824	121 758
Other commitments	-	-	-	-
Total	**131 469**	**138 276**	**131 469**	**138 276**

Note 40
Capital adequacy

DKKm	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Calculation of total capital base				
Equity	**24 811**	**22 649**	**23 548**	**22 649**
Proposed/actual dividend	-1 800	-3 500	-1 800	-3 500
Hybrid capital loans	-	-	-	-
Deferred tax assets	-	-	-217	-
Goodwill	-	-	-	-
Other items, net	-94	-156	-72	-154
Tier 1 capital (net after deduction of goodwill)	**22 917**	**18 992**	**21 458**	**18 995**
- of which hybrid capital	-	-	-	-
Tier 2 capital	**10 052**	**9 337**	**10 052**	**9 337**
- of which perpetual subordinated loans	-	-	-	-
Deduction [1]	-370	-478	-370	-478
Total capital base	**32 599**	**27 851**	**31 141**	**27 853**
Risk-weighted assets for credit and market risks				
Credit risks as specified below	289 410	258 046	255 193	227 883
Market risks as specified below	39 872	40 513	44 497	46 006
Total risk-weighted assets	**329 282**	**298 559**	**299 689**	**273 888**

The capital requirement pursuant to section 124(1) of the Danish Financial Business Act is 8%.

The equity of the Group for 2005 includes the Group's share of a special reserve in an associated undertaking of DKK 1,263m, which is consolidated proportionately when determining the capital base pursuant to the Danish Financial Business Act.

Capital adequacy data for 2004 are determined pursuant to the rules applicable at that time.

	Group 31 Dec 2005	Group 31 Dec 2004	Parent company 31 Dec 2005	Parent company 31 Dec 2004
Tier 1 capital ratio, %	7,0%	6,4%	7,2%	6,9%
Total capital ratio, %	9,9%	9,3%	10,4%	10,2%

[1] Deduction for investments in other financial institutes outside the financial group of undertakings.

Specification of risk-weighted assets, credit risks

Group	Items in the balance sheet		Off-balance-sheet items			
DKKm, end of 2005	Reported	Risk-weighted	Nominal	Adjusted	Risk-weighted	Total risk-weighted assets
A 0%	64 993	0	9 268	-	0	0
B 10% 20%	23 838	4 730	4 536	-	453	5 183
C 50%	179 394	89 697	132	-	66	89 763
D 100% 125% 200%	174 258	174 315	32 742	-	20 150	194 464
Total	**442 483**	**268 741**	**46 678**	**-**	**20 669**	**289 410**

Parent company	Items in the balance sheet		Off-balance-sheet items			
DKKm, end of 2005	Reported	Risk-weighted	Nominal	Adjusted	Risk-weighted	Total risk-weighted assets
A 0%	38 183	0	9 525	-	0	0
B 10% 20%	34 104	6 821	4 463	-	446	7 267
C 50%	11 647	5 823	132	-	66	5 889
D 100% 125% 200%	159 605	159 605	95 262	-	82 432	242 037
Total	**243 539**	**172 249**	**109 382**	**-**	**82 944**	**255 193**

Risk categories include (according to FSA executive order on capital adequacy):
A Claim on, or guarantee/collateral by a government/central bank within the OECD or local danish government
B Claim on, or guarantee/collateral by banks/credit institutions within the OECD
C Claim backed by mortgages on residential property.
D Other assets.

Note 40: ***cont.***

Capital adequacy

Specification of risk-weighted assets, market risks

	Group		Parent company	
DKKm	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
Interest rate risks				
of which for specific risk	11 954	22 421	17 426	27 946
of which for general risk	19 742	15 052	19 251	15 052
Share price risks				
of which for specific risk	1 843	1 076	1 768	1 076
of which for general risk	3 307	797	3 158	797
Exceeding large exposures				
Settlement risks	8	0	8	0
Counterparty risks and other risks	1 934	1 166	1 798	1 133
Exchange rate risks	1 085	0	1 088	0
Risks according to VAR calculation	-	-	-	-
Commodity risks	-	-	-	-
Total	**39 872**	**40 513**	**44 497**	**46 006**

The total capital ratio is calculated quarterly in accordance with the regulations given by the Danish Financial Supervisory Authority The regulation is based on, and follows, the international standard Basel I.

The basic objectives of the capital requirements are to secure that the financial institution at any time operates with a capital base sufficient to cover the risk-weighted assets divided into market risks and credit risks. The Danish Financial Supervisory Authority regulates the definitions and basis for calculation of capital base and risk-weighted assets and also requires quarterly reports regarding capital adequacy.

Note 41
Classification of financial instruments

Group
DKKm
31 Dec 2005

Financial assets	Loans and receivables	Held to maturity	Held for trading	Assets at fair value through profit or loss	Derivatives used for hedging	Available for sale	Total
Cash and balances with central banks	3 686	-	-	-	-	-	3 686
Treasury bills and other eligible bills	-	-	-	-	-	-	-
Loans and receivables to credit institutions	61 324	-	75 675	-	-	-	136 999
Loans and receivables to the public	159 431	-	60 788	190 044	-	-	410 263
Interest-bearing securities	-	-	129 875	-	-	347	130 222
Derivatives	-	-	1 892	-	337	-	2 229
Fair value changes of the hedged items in portfolio hedge of interest rate risk	545	-	-	-	-	-	545
Shares	-	-	15 939	-	-	-	15 939
Prepaid expenses and accrued income	2 754	-	-	-	-	-	2 754
Other assets	50 490	-	-	-	-	-	50 490
Total	**278 230**	**-**	**284 168**	**190 044**	**337**	**347**	**753 126**

Financial liabilities	Held for trading	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Total
Deposits by credit institutions	89 046	-	-	118 901	207 947
Deposits and borrowings from the public	21 896	-	-	220 528	242 424
Debt securities in issue	-	186 316	-	3 796	190 112
Derivatives	1 748	-	695		2 443
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	-	-
Other liabilities	35 467	-	-	46 063	81 531
Accrued expenses and prepaid income	-	-	-	4 139	4 139
Subordinated liabilities	-	-	-	10 034	10 034
Total	**148 157**	**186 316**	**695**	**403 362**	**738 631**

Parent company
DKKm
31 Dec 2005

Financial assets	Loans and receivables	Held to maturity	Held for trading	Assets at fair value through profit or loss	Derivatives used for hedging	Available for sale	Total
Cash and balances with central banks	3 686	-	-	-	-	-	3 686
Treasury bills and other eligible bills	-	-	-	-	-	-	-
Loans and receivables to credit institutions	57 083	-	86 444	-	-	-	143 527
Loans and receivables to the public	167 573	-	60 788	-	-	-	228 361
Interest-bearing securities	-	-	151 268	-	-	347	151 615
Derivatives	-	-	1 892	-	337	-	2 229
Fair value changes of the hedged items in portfolio hedge of interest rate risk	545	-	-	-	-	-	545
Shares	-	-	15 933	-	-	-	15 933
Prepaid expenses and accrued income	2 724	-	-	-	-	-	2 724
Other assets	59 249	-	-	-	-	-	59 249
Total	**290 860**	**-**	**316 324**	**-**	**337**	**347**	**607 868**

Financial liabilities	Held for trading	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Total
Deposits by credit institutions	91 169	-	-	120 359	211 528
Deposits and borrowings from the public	21 896	-	-	221 290	243 186
Debt securities in issue	-	-	-	353	353
Derivatives	1 751	-	695	-	2 446
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	-	-
Other liabilities	35 467	-	-	91 567	127 034
Accrued expenses and prepaid income	-	-	-	1 042	1 042
Subordinated liabilities	-	-	-	10 034	10 034
Total	**150 283**	**-**	**695**	**444 645**	**595 623**

Note 41: *cont.*

Classification of financial instruments

Loans and receivables designated at fair value through profit or loss

	Group	Parent company
DKKm	31 Dec 2005	31 Dec 2005
Book value	190 044	-
Maximum exposure to credit risk	190 044	-
Book value of credit derivatives used to mitigate the credit risk	-	-

Financial liabilities designated at fair value through profit or loss

Comparison of carrying amount and contractual amount to be paid at maturity

	Group		Parent company	
DKKm	Book value	Amount to be paid at maturity	Book value	Amount to be paid at maturity
Financial liabilities at fair value through profit or loss	186 316	188 053	-	-

Net gains/losses on financial instruments recognised in the income statement

	Group	Parent company
DKKm	2005	2005
Financial instruments designated at fair value through profit or loss	-	-
Financial instruments held for trading	828	1 029
Disposals of available-for-sale financial assets	-	-
Impairment losses on available-for-sale financial assets	-	-
Disposals of held-to-maturity investments	-	-
Impairment losses on held-to-maturity investments	-	-
Loans and receivables	-	-
Other financial liabilities	-	-
Total	**828**	**1 029**

Changes in fair value attributable to changes in credit risk

Issued mortgage bonds in the fully owned Danish subsidiary Nordea Kredit Realkreditaktieselskab are measured at fair value. The amount of change in the fair value that is attributable to changes in credit risk of the liability is for 2005 DKK 0m. The method used is to calculate the fair value changes that is attributable to changes in market conditions based on relevant benchmark interest rates.

The amount of change in the fair value of loans in Nordea Kredit Realkreditaktieselskab that is attributable to changes in credit risk is for 2005 DKK 1m.

Note 42
Assets and liabilities at fair value

DKKm	Group 31 Dec 2005 Book value	Group 31 Dec 2005 Fair value	Parent company 31 Dec 2005 Book value	Parent company 31 Dec 2005 Fair value
Assets				
Cash and balances with central banks	3 686	3 686	3 686	3 686
Treasury bills and other eligible bills	-	-	-	-
Loans and receivables to credit institutions	136 999	136 999	143 527	143 527
Loans and receivables to the public	419 163	419 163	228 361	228 361
Interest-bearing securities	130 222	130 222	151 615	151 615
Shares	15 939	15 939	15 933	15 933
Derivatives	2 229	2 229	2 229	2 229
Fair value changes of the hedged items in portfolio hedge of interest rate risk	545	545	545	545
Investments in associated undertakings	507	507	255	255
Intangible assets	93	93	72	72
Tangible assets	231	249	145	163
Investment property	490	490	25	25
Deferred tax assets	-	-	217	217
Current tax assets	363	363	363	363
Prepaid expenses and accrued income	2 754	2 754	2 724	2 724
Other assets	50 284	50 284	59 031	59 031
Total assets	**763 503**	**763 521**	**608 727**	**608 745**
	Book value	Fair value	Book value	Fair value
Liabilities				
Deposits by credit institutions	207 947	207 947	211 528	211 528
Deposits and borrowings from the public	242 424	242 424	243 186	243 186
Debt securities in issue	190 112	190 112	353	353
Derivatives	2 443	2 443	2 446	2 446
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	-
Other liabilities	82 141	82 141	127 619	127 619
Accrued expenses and prepaid income	4 139	4 139	1 042	1 042
Deferred tax liabilities	741	741	-	-
Provisions	1	1	1	1
Retirement benefit obligations	82	82	82	82
Subordinated liabilities	10 034	10 034	10 034	10 034
Total liabilities	**740 064**	**740 064**	**596 291**	**596 291**

Effect on the income statement from financial assets and financial liabilities measured using valuation techniques based on assumptions not fully supported by observable market data

The total effect on the income statement from financial assets and financial liabilities that are measured using valuation techniques based on assumptions not fully supported by observable market data amounted to DKK 0m in Nordea Bank Danmark. The effect in the parent company was DKK 0m.

Difference between transaction price and fair value according to valuation techniques not yet recognised in the income statement

DKKm	Group 31 Dec 2005	Parent company 31 Dec 2005
Amount at beginning of year	-	-
Changes during the year	-	-
Amount at end of year	**-**	**-**

Estimation of fair value for financial instruments

Financial assets and financial liabilities in the balance sheet are generally measured at fair value, with the exception of loans and receivables, deposits and borrowing and issued securities.

The book values on loans and receivables, deposits and borrowing and issued securities are adjusted for the value of the fixed interest term in order to estimate the fair values that are presented in the tables above. The value of the fixed interest term is a result of changes in the relevant market interest rates. The discount rates used are based on current market rates for each term.

Fair value is estimated to be equal to the book value for short-term financial assets and financial liabilities.

For further information about valuation of items normally measured at fair value, see Note 1.

Note 43
Assets and liabilities in foreign currencies

Group
DKKbn

31 Dec 2005	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills and other eligible bills	-	-	-	-	-	-	-
Loans and receivables to credit institutions	16	44	74	1	2	1	137
Loans and receivables to the public	30	45	319	1	10	15	419
Interest-bearing securities	32	27	63	0	6	2	130
Other assets	1	3	68	0	5	1	78
Total assets	**79**	**119**	**522**	**2**	**23**	**18**	**764**
Liabilities and equity							
Deposits by credit institutions	54	56	77	0	17	3	208
Deposits and borrowings from the public	13	21	194	2	10	3	242
Debt securities in issue	7	0	182	0	0	0	190
Provisions	-	-	0	-	-	-	0
Subordinated liabilities	10	-	-	-	-	-	10
Other liabilities and equity	2	31	75	0	5	1	114
Total liabilities and equity	**86**	**107**	**528**	**2**	**33**	**7**	**764**
Position not reported in the balance sheet	**-6**	**11**	**-6**	**0**	**-10**	**11**	**0**
Net position, currencies	**-1**	**0**	**0**	**0**	**0**	**0**	**0**

Parent company
DKKbn

31 Dec 2005	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills and other eligible bills	-	-	-	-	-	-	-
Loans and receivables to credit institutions	15	44	81	1	2	1	144
Loans and receivables to the public	23	45	134	1	10	15	228
Interest-bearing securities	32	27	84	0	6	2	152
Other assets	1	3	83	0	5	1	93
Total assets	**71**	**119**	**383**	**2**	**23**	**18**	**616**
Liabilities and equity							
Deposits by credit institutions	54	56	81	0	17	3	212
Deposits and borrowings from the public	13	21	195	2	10	3	243
Debt securities in issue	-	-	-	-	0	0	0
Provisions	-	-	0	-	-	-	0
Subordinated liabilities	10	-	-	-	-	-	10
Other liabilities and equity	1	31	113	0	5	1	151
Total liabilities and equity	**78**	**108**	**389**	**2**	**33**	**7**	**616**
Position not reported in the balance sheet	**-6**	**11**	**-6**	**0**	**-10**	**11**	**0**
Net position, currencies	**-1**	**0**	**0**	**0**	**0**	**0**	**0**

Note 44
Hedge accounting

Fair value hedges

Net gains/losses on hedging instruments and on hedged items

DKKm	Group 2005	Parent company 2005
Net gains/losses on hedging instruments	83	83
Net gains/losses on hedged items	-83	-83
Total	**0**	**0**

Fair value changes of the hedged items in portfolio hedge of interest rate risk

Assets

DKKm	Group 2005	Parent company 2005
Book value at beginning of year	0	0
Change in accounting principles	691	691
Revaluation of hedged items	-236	-236
Book value at end of year	**455**	**445**

Liabilities

DKKm	Group 2005	Parent company 2005
Book value at beginning of year	63	63
Change in accounting principles	-	-
Revaluation of hedged items on Deposits	-153	-153
Book value at end of year	**-90**	**-90**
Net book value at end of year	**545**	**545**

Note 45
Continued involvement in assets that have been transferred and associated liabilities

Continued involvement in assets that have been transferred

	Group		Parent company	
DKKm	2005	2004	2005	2004
Repurchase agreements				
Treasury bills and other eligible bills	-	-	-	-
Interest-bearing securities	108 985	89 977	111 107	91 952
Shares	-	-	-	-
Other	-	-	-	-
Securities lending agreements				
Treasury bills and other eligible bills	-	-	-	-
Interest-bearing securities	-	-	-	-
Shares	-	-	-	-
Other	-	-	-	-
Securitisations				
Interest-bearing securities	3 488	2 973	-	-
Total	**112 473**	**92 950**	**111 107**	**91 952**

The assets continue to be recognised in the balance sheet since Nordea Bank Danmark is still exposed to changes in the fair value of the assets.

Liabilities associated with the assets

	Group		Parent company	
DKKm	2005	2004	2005	2004
Repurchase agreements				
Deposits by credit institutions	89 046	72 437	91 169	74 484
Deposits and borrowings from the public	21 896	19 294	21 896	19 294
Other	-	-	-	-
Securities lending agreements				
Deposits by credit institutions	-	-	-	-
Deposits and borrowings from the public	-	-	-	-
Other	-	-	-	-
Securitisations				
Debt securities in issue	3 443	2 926	-	-
Total	**114 385**	**94 657**	**113 065**	**93 778**

Obtained collaterals which are permitted to be sold or repledged

Nordea Bank Danmark obtains collaterals under reverse repurchase and securities borrowing agreements which, under the terms of the agreements, can be sold or repledged.

	Group		Parent company	
DKKm	2005	2004	2005	2004
Reverse repurchase agreements				
Received collaterals which can be repledged or sold	136 463	124 441	147 232	126 159
of which repledged or sold	35 467	21 586	35 467	21 586
Securities borrowing agreements				
Received collaterals which can be repledged or sold	-	-	-	-
of which repledged or sold	-	-	-	-
Total	**171 930**	**146 027**	**182 699**	**147 745**

Note 46
Investments, customer bearing the risk

Nordea Bank Danmark A/S's liabilities include customers' portfolio schemes, the return on which correlates directly with the assets financed by these portfolio schemes. Since the assets legally belong to Nordea Bank Danmark, these assets and liabilities are included in the Group's balance sheet. A breakdown is shown below:

	Group	
DKKm	31-dec 2005	31-dec 2004
Assets		
Loans and recievables to credit institutions		
Interest-bearing securities	16 882	13 806
Shares	13 271	10 221
Other assets	6 587	3 196
Total assets	**36 740**	**27 224**
Liabilities		
Deposits and borrowings from the public	28 927	24 722
Debt securities in issue	3 443	1 688
Other liabilities	4 370	814
Accrued expenses and prepaid income	-	-
Total liabilities	**36 740**	**27 224**
Return to participants in portfolio schemes	4 121	1 385

Note 47
Related-party transactions

	Associated undertakings		Pension foundations	
Group DKKm	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
Assets				
Loans and receivables	55	74	-	-
Interest-bearing securities	-	-	-	-
Derivatives	-	-	-	-
Total assets	**55**	**74**	**-**	**-**
Liabilities				
Deposits	365	355	31	41
Debt securities in issue	-	-	-	-
Derivatives	-	-	-	-
Subordinated liabilities	-	-	-	-
Total liabilities	**365**	**355**	**31**	**41**
Off balance	17	177	-	-

Note 47: ***cont.***

Related-party transactions

	Group undertakings		Other Nordea Group companies		Associated undertakings		Pension foundations	
Parent company DKKm	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004	31 Dec 2005	31 Dec 2004
Assets								
Loans and receivables	29 032	18 720	7 297	4 578	55	74	-	-
Interest-bearing securities	37 724	36 605	10 641	3 748	-	-	-	-
Derivatives	-	-	506	1 098	-	-	-	-
Total assets	**66 756**	**55 325**	**18 444**	**9 424**	**55**	**74**	**-**	**-**
Liabilities								
Deposits	28 783	18 968	120 824	96 467	365	355	31	41
Debt securities in issue	-	-	-	-	-	-	-	-
Derivatives	0	0	1 435	3 168	-	-	-	-
Subordinated liabilities	-	-	8 169	6 657	-	-	-	-
Total liabilities	**28 783**	**18 968**	**130 428**	**106 292**	**365**	**355**	**31**	**41**
Off balance[1]	66 680	52 417	-	-	17	177		

[1]Nordea Bank Danmark A/S provides on an ongoing basis 5-year and 10-year guarantees in favour of its wholly-owned mortgage banking subsidiary Nordea Kredit Realkreditaktieselskab, typically to cover the top 25% of the principal of mortgage loans disbursed. This guarantee commitment is computed on the basis of the remaining cash balance and amounted to DKK 48.391m at end 2005 (2004: DKK 38.106m)

Related-party transactions

Material contracts in existence or entered into in 2005 between Nordea Bank Danmark A/S and group companies include the following:

Nordea Bank Danmark has acquired the shares in Nordea Investment Management Bank A/S from Nordea Asset Management AB.

Shares in Danmarks Skibskredit A/S (Danish Ship Finance) subscribed for by Nordea Bank Danmark in 2005 were sold to Nordea Bank AB at fair value immediately after the purchase.

A large part of Nordea Bank Danmark's portfolio of derivatives was transferred to Nordea Bank Finland Plc in 2003. At the same time an agreement has been entered into for the supply of various services, including sale, settlement and IT services.

Nordea Bank Danmark has entered into an agreement for the supply of IT services to a number of other Danish Nordea companies.

Otherwise, Nordea Bank Danmark's activities with companies in the Nordea Group include lending, deposits, debt securities in issue, trading in securities, derivatives, guarantees etc as part of its normal banking business.

Transactions with Key management personnel

Compensations and loans to key management personnel are presented in note 8 and 13. Apart from compensations, loans, ordinary savings and regular day-to-day banking transactions that are transacted on arm´s length terms, there are no material transactions between Nordea and Key management personnel.

Note 48

The Danish Financial Supervisory Authority's ratio system

%	Nordea Bank Danmark Group 2005	2004	2003 [1]	2002 [1]	2001 [1]
Capital ratios					
Total capital ratio	9,9	9,3	9,6	9,8	9,7
Tier 1 capital ratio	7,0	6,4	6,9	6,7	6,7
Earnings					
Pre-tax return on equity	23,3	20,5	23,5	20,6	17,8
Post-tax return on equity	17,0	14,3	17,2	14,6	12,1
Income/cost ratio (not %)	1,83	1,67	1,57	1,52	1,39
Market risk					
Interest rate risk/tier 1 capital	1,7	3,0	6,8	3,3	4,0
Currency risk/tier 1 capital					
Indicator 1/tier 1 capital	4,3	4,9	5,2	19,8	15,8
Indicator 2/tier 1 capital	0,0	0,0	0,1	0,1	0,1
Liquidity					
Excess cover relative to statutory liquidity requirements	128,4	165,8	196,3	97,1	157,4
Credit risk					
Total amount of large exposures/capital base	70,3	104,5	150,3	142,9	161,4
Impairment ratio	0,9	1,4	1,8	2,0	2,4
Impairment ratio for the year	-0,1	-0,0	0,3	0,1	0,4
Growth in loans and receivables for the year/loans and receivables at beginning of year	18,9	13,7	4,6	6,8	4,6
Gearing of loans and receivables relative to equity at end of year (not %)	17,8	15,3	15,9	16,1	15,9

%	Nordea Bank Danmark A/S 2005	2004	2003 [1]	2002 [1]	2001 [1]
Capital ratios					
Total capital ratio	10,4	10,2	10,4	10,5	10,1
Tier 1 capital ratio	7,2	6,9	7,5	7,1	6,9
Earnings					
Pre-tax return on equity	23,3	21,0	23,5	20,6	17,8
Post-tax return on equity	17,3	14,0	17,2	14,6	12,1
Income/cost ratio (not %)	1,72	1,60	1,61	1,55	1,42
Market risk					
Interest rate risk/tier 1 capital	2,0	3,0	6,8	3,3	4,0
Currency risk/tier 1 capital					
Indicator 1/tier 1 capital	4,6	4,9	5,2	19,8	15,8
Indicator 2/tier 1 capital	0,0	0,1	0,1	0,1	0,1
Liquidity					
Loans and receivables+impairment charges/deposits	105,0	92,1	97,5	106,9	105,7
Excess cover relative to statutory liquidity requirements	152,6	219,8	204,5	125,2	174,7
Credit risk					
Total amount of large exposures/capital base	63,1	100,8	145,3	129,0	157,8
Impairment ratio	1,2	1,8	2,5	2,5	2,9
Impairment ratio for the year	-0,1	-0,1	0,3	0,1	0,5
Growth in loans and receivables for the year/loans and receivables at beginning of year	19,7	13,0	-5,6	1,5	-0,6
Gearing of loans and receivables relative to equity at end of year (not %)	11,8	10,2	8,7	9,7	10,1

[1] According to previous GAAP, not restated to IFRS.

Proposed distribution of earnings

According to the company's balance sheet, the following amount is available for distribution by the Annual General Meeting of Shareholders:

(DKKm)	
Retained profit	11.107
Profit for the year	3.305
Total	**14.412**

The Board of Directors proposes that these earnings be distributed as follows:

(DKKm)	
Dividends paid to shareholders	1.800
To be carried forward	12.612
Total	**14.412**

The Group's distributable earnings amount to DKK 14.412m. After the proposed distribution of earnings, the Group's unrestricted shareholders' equity amounts to DKK 12.612m.

Statement by the Board of Directors and the Executive Management

We have today presented the annual report of Nordea Bank Danmark A/S for 2005.

The annual report is presented in accordance with International Financial Reporting Standards endorsed by the EU and additional Danish disclosure requirements for annual reports of financial services companies. We consider the accounting policies applied appropriate so that the annual report gives a true and fair view of the Group's and the parent company's assets, liabilities, financial position, cash flows and results.

We propose to the Annual General Meeting that the annual report should be adopted.

Stockholm, 20 February 2006

Board of Directors

Lars G Nordström (Chairman)
Markku Pohjola (Deputy Chairman)
Christian Clausen
Carl-Johan Granvik
Arne Liljedahl
Tom Ruud

Executive Management

Peter Schütze (Chairman)
Jørn Kr. Jensen
Peter Lybecker
Henrik Mogensen
Michael Rasmussen

Audit report

To the shareholders of Nordea Bank Danmark A/S

We have audited the annual report of Nordea Bank Danmark A/S for the financial year 2005, prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of financial services companies.

The annual report is the responsibility of the company's Executive Management and Board of Directors. Our responsibility is to express an opinion on the annual report based on our audit.

Basis of opinion

We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual report. An audit also includes assessing the accounting policies used and significant estimates made by the Executive Management and Board of Directors, as well as evaluating the overall annual report presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Group's and the parent company's financial position at 31 December 2005 and of the results of the Group's and the parent company's operations and cash flows for the financial year 2005 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of financial services companies.

Copenhagen, 20 February 2006

KPMG C.Jespersen
Statsautoriseret Revisionsinteressentskab

Finn L. Meyer	Anders Duedahl-Olesen
State Authorized Public Accountant	State Authorized Public Accountant

Board of Directors

Board of Directors of Nordea Bank Danmark

Lars G Nordström (Chairman)
Markku Pohjola (Deputy Chairman)
Christian Clausen
Carl-Johan Granvik
Arne Liljedahl
Tom Ruud

Executive Management of Nordea Bank Danmark

Peter Schütze

Internal appointments
A member of Nordea Bank AB's Group Executive Management and Head of Nordea Retail Banking.
A member of the Board of Directors of Nordea Bank Finland Plc.
A member of the Board of Directors of Nordea Bank Norge ASA.

External appointments
Chairman of the Board of Directors of Danmarks Skibskredit A/S.
Chairman of the Board of Directors of ICC Danmark.
A member of the Board of Directors of Nordea Danmark Fonden.
A member of the Board of Directors of the Danish Bankers Association.
A member of the Boards of Directors of Karl Pedersen + Hustrus Industrifond, Danmark-Amerika Fondet and Tietgenfonden.

Jørn Kristian Jensen

Internal appointments
A member of the Board of Directors of DanBolig A/S.
Chairman of the Board of Directors of Nordea Kredit Realkreditaktieselskab.
A member of the Board of Directors of Nordea Pension Danmark, Livsforsikringsselskab A/S.
A member of the Board of Directors of the Pensionskassen for direktører i Sparekassen SDS (under afvikling)

External appointments
Deputy chairman of the Board of Directors of the Employers' Association for the Financial Sector.
Chairman of the Board of Directors of LR Realkredit A/S.
A member of the Boards of Directors of PBS A/S, PBS Holding A/S, PBS International Holding A/S, Multidata Holding A/S, Multidata A/S, FUHU, PBS International A/S, Ejendomsselskabet Lautrupbjerg A/S and Niels Brock Copenhagen Business College.

Peter Lybecker

Internal appointments
Head of Nordea Group Transformation.
A member of the Board of Directors of Nordea Kredit Realkreditaktieselskab.

External appointments
Deputy Chairman of the Boards of Directors of PBS Holding A/S, PBS A/S, PBS International Holding A/S, PBS International A/S, Multidata Holding A/S, Multidata A/S and Ejendomsselskabet Lautrupbjerg A/S.
Chairman of the Board of Directors of the Copenhagen Institute for Futures Studies.
Chairman of the Board of Directors of Kunstindustrimuseets Venner.
A member of the Boards of Directors of the Danish Museum of Decorative Art, Insead International Council and the Danish Securities Council.

Henrik Mogensen

Internal appointments
Head of Nordea Corporate Banking Division.
A member of the Board of Directors of Nordea Bank Polska S.A.

External appointments
-

Michael Rasmussen

Internal appointments
A member of the Boards of Directors of Nordea Finans Danmark A/S, Nordea Finans Sverige AB and Nordea Finance Finland OY.
A member of the Board of Directors of Nordea Pension Danmark, Livsforsikringsselskab A/S.
Chairman of the Board of Directors of Dansk Ejendomsfond I A/S
Deputy chairman of the Board of Directors of Nordea Kredit Realkreditaktieselskab.

External appointments
A member of the Boards of Directors of the Industrialisation Fund for Developing Countries, the Investment Fund for Central and Eastern Europe and the Investment Fund for Emerging Markets.
A member of the Board of Directors of the Danish Trade Council.
A member of the Board of Directors of LR Realkredit A/S.

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